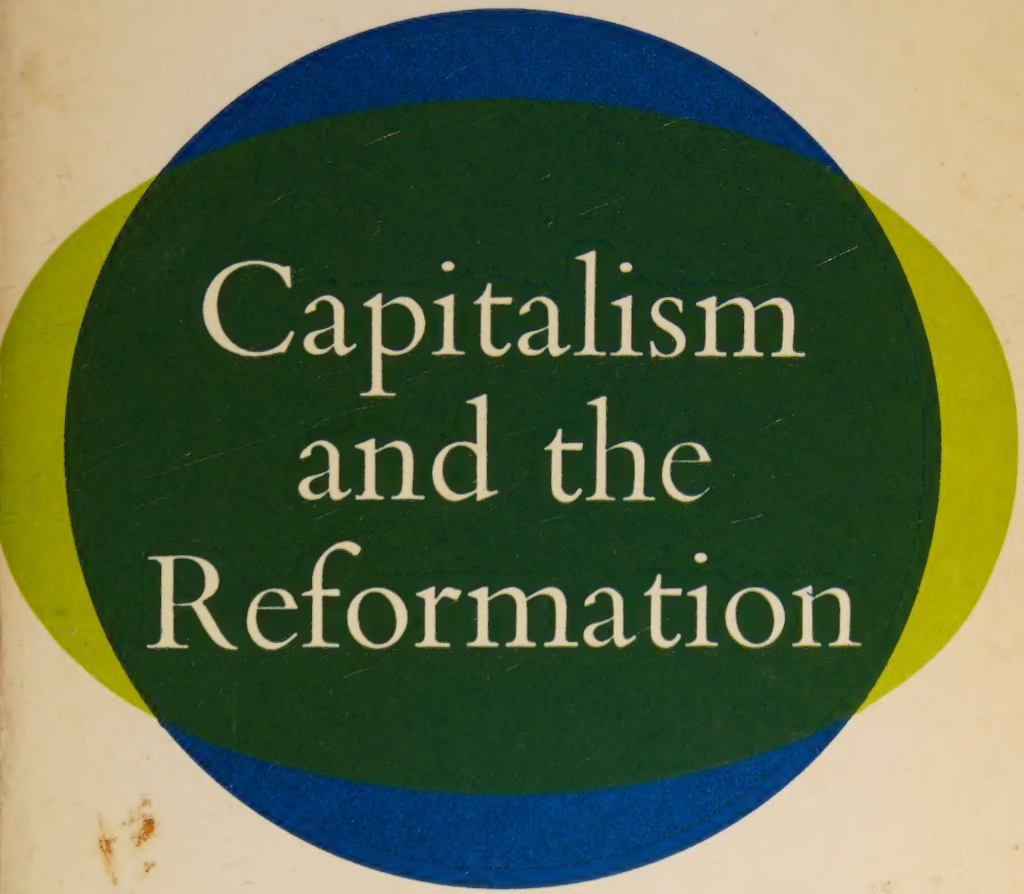
PROBLEMS AND PERSPECTIVES IN HISTORY

EDITOR: HUGH F. KEARNEY



Capitalism and the Reformation

M. J. Kitch

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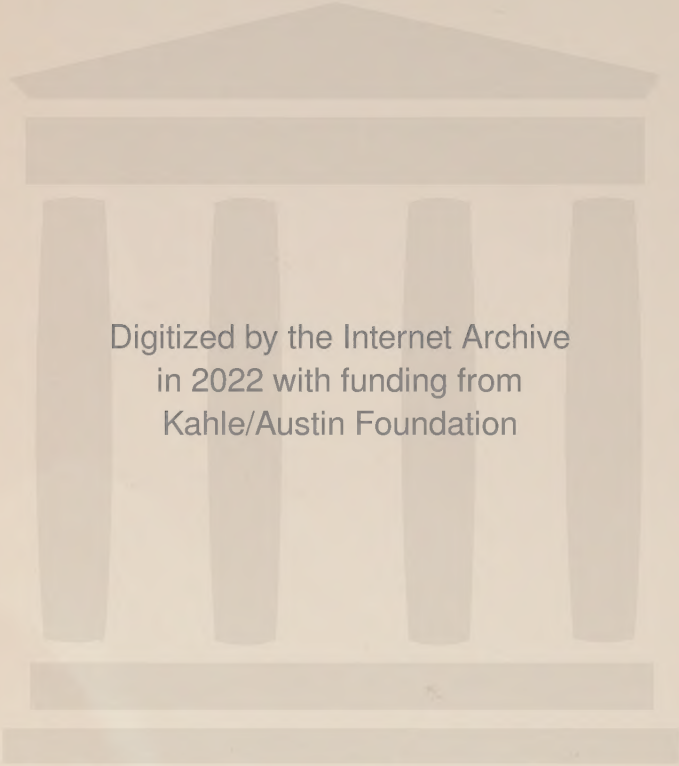
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EDITOR: H. F. KEARNEY M.A. PH.D.

Capitalism and the Reformation

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will be found on the back cover of this book

Capitalism and the Reformation

M. J. Kitch, M.A.

LECTURER IN HISTORY
UNIVERSITY OF SUSSEX

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TO MY MOTHER AND FATHER

Editor's Foreword

'Study problems in preference to periods' was the excellent advice given by Lord Acton in his inaugural lecture at Cambridge. To accept it is one thing, to put it into practice is another. In fact, in both schools and universities the teaching of history, in depth, is often hindered by certain difficulties of a technical nature, chiefly to do with the availability of sources. In this respect, history tends to be badly off in comparison with literature or the sciences. The historical equivalents of set texts, readings or experiments, in which the student is encouraged to use his own mind, are the so-called 'special periods'. If these are to be fruitful, the student must be encouraged to deal in his own way with the problems raised by historical documents and the historiography of the issues in question and he must be made aware of the wider perspectives of history. Thus, if the enclosure movement of the sixteenth century is studied, the student might examine the historiographical explanations stretching from More's *Utopia* and Cobbett to Beresford's *Lost Villages of England*. At the same time he might also be dealing with selected documents raising important problems. Finally he might be encouraged to realize the problems of peasantries at other periods of time, including Russia and China in the nineteenth and twentieth centuries. In this particular instance, thanks to Tawney and Power, *Tudor Economic Documents*, the history teacher is comparatively well off. For other special periods the situation is much more difficult. If, however, the study of history is to encourage the development of the critical faculties as well as the memory, this approach offers the best hope. The object of this series is to go some way towards meeting these difficulties.

The general plan of each volume in the series will be similar, with a threefold approach from aspects of historiography, documents and editorial consideration of wider issues, though the structure and balance between the three aspects may vary.

A broad view is being taken of the limits of history. Political history will not be excluded, but a good deal of emphasis will be placed on economic, intellectual and social history. The idea has in fact grown out of the experience of a group of historians at the University of Sussex, where the student is encouraged to investigate the frontier areas between his own and related disciplines.

H. F. Kearney

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Introduction

WEBER AND TAWNEY

Max Weber (1864–1920), the German economist and sociologist, was not the first to suggest a relationship between Protestantism and capitalism. But his two articles *The Protestant Ethic and the Spirit of Capitalism* (1904–5) explored the relationship in greater detail, and initiated a long controversy.

Weber's starting point was simple but revolutionary. Most nineteenth-century writers, except for a handful of anarchists and romantics, accepted modern capitalism as a natural growth, explicable by purely economic factors, such as increased trade, technological advances, increased demand created by population growth. The economic interpretation of history was beginning to become fashionable, even among non-Marxist historians. Weber rejected such a simplified interpretation of historical change, arguing that what he called 'spiritual' factors must also be taken into account. Although he had a great respect for Marx (it is an error for anti-Marxist crusaders to enlist Weber in their ranks) he rejected a purely materialistic interpretation of history; ideas as well as self-interest drove men to action. Men's beliefs, in his view, especially their religious beliefs, influenced their conduct and outlook. Material advance was checked by unfavourable attitudes. It was not Weber's concern to deny the importance of non-spiritual factors, or to assert the primacy of spiritual factors in all historical situations. Unfortunately, in his desire to draw attention to non-materialistic factors, he gave many of his readers a wrong impression by an excessive stress on the role of ideas. This misconception was heightened by the complexity of his style and arguments. In later works his general attitude became clearer, but regrettably historians, for the most part, have ignored them.

It was Weber's contention that the spirit of capitalism was not generated primarily by economic advances. The spirit of capitalism on the contrary described a social ethos, a set of beliefs which both permitted and encouraged the evolution of modern capitalism. Although recognizably capitalistic forms of enterprise existed, if the vital spirit of capitalism was absent the system could not be called capitalistic. The spirit of capitalism had to be born first in men's minds; it was not the rationalization of commercial practices. The

capitalistic mentality was so novel that an intellectual revolution was needed before traditional attitudes could be replaced. The Protestant Reformation brought about such a revolution.

Weber's interests were vast, stretching from the ancient Roman economic history to Eastern religions. This range of knowledge impressed on him the fact that modern capitalism, together with modern science, technology and law, was a Western creation. In all ages and all societies men had greedily sought profits, and engaged in trade. Only in the West had these almost universal phenomena been transformed into the system of modern capitalism.

It was a commonplace of Weber's day that modern capitalism was first recognizable in the sixteenth century, the era of the Reformation. At the same time it was widely recognized that the Protestant nations of his day were the most advanced economically, especially Britain, head of a growing Empire, and the greatest industrial and trading power in the world. Many of Weber's German contemporaries sought the explanation for British success, partly in order to use the key to make Germany a great power. Weber found the explanation in the Protestant religion.

Historically there appeared to be a strong link between Protestantism and capitalism. The decisive issues were two: was there really such a link or was it just coincidence? If there was a link, which way did the influence flow? Was it, as Marxist historians held, that Protestantism became the ideology of newly important bourgeoisie, or, as Weber believed, that the Protestant Reformation unintentionally prepared the way for the new economic system?

Some of Weber's critics have implied that he contended that Protestantism deliberately adopted doctrines which would win the support of the merchant classes, or that Protestant ministers directly encouraged commercial activities in their sermons and writings. Such implications are as unfounded as the equally common view that Weber denied the existence of organized trade before the Reformation. His thesis was much more subtle. Protestantism, or, more strictly speaking, Calvinism, evolved a new ethic which stemmed logically from central theological beliefs. This new ethic taught as spiritual virtues attitudes and habits which, when translated into daily life, promoted the spirit of capitalism and revolutionized the traditional values of society. In the Middle Ages trade had been regarded as a morally dangerous occupation, and money-making looked upon as an antisocial activity. The unforeseen consequence of the Protestant ethic

was to make money-making not just socially acceptable, but, together with hard work, a moral obligation. As well as removing psychological obstacles to the expansion of commerce and trade, the Protestant ethic also directly encouraged ways of life which greatly assisted economic advance by limiting consumption and increasing production.

The capitalistic Protestant ethic derived from two central doctrines: predestination and the calling. Man's eternal fate had been decided even before his birth, and nothing, not even prayers and good works, could reverse God's decision. Naturally, Weber believed, men were tormented by fears about their future life, and ministers encouraged the belief that though good works could not promote salvation, success in one's calling, including money-making, was a token of God's grace. At the same time, Protestant 'worldly asceticism' imposed the high standards and organized life of the medieval monk upon everyone. All men, not just monks and priests, must serve God in the occupation to which He had called them. Sinful though man was, he could glorify God by his daily life, however mundane it might be. Consequently, maximum attention must be devoted to ensuring a continuous life of service, and anything extraneous must be thrust aside. Hard work and rational organization of time were essential virtues. Furthermore, worldly possessions and luxuries were a source of pride and temptation, so money and time must not be wasted upon them; thrift was the golden rule. Thus hard work, the organization of time, self-discipline and thrift were the virtues encouraged by the Protestant ethic. The economic consequences of the application of this 'worldly asceticism' to one's calling are obvious. Consumption was limited, production was encouraged and surplus capital which could not be spent on vain luxuries was reinjected into the business, thus providing a plentiful flow of capital, the lubricating oil of economic advance.

Weber's Protestant was an 'ideal type'; the exemplification of the Protestant virtues, not a picture built up by the examination of actual Protestants and real merchants. Possibly a businessman uncle, hard working and abstemious, served as Weber's model, but he never tried to find historical figures to prove his ideal-type hypothesis. His sole historical example was the eighteenth-century American politician, businessman and writer, Benjamin Franklin (1706–90). For Weber, the businessman was not driven on by hedonistic impulses, he did not desire to increase his profits in order to obtain more of the good things of life. The impulse was basically irrational; this moral obligation to make profits was the secularized legacy of the Protestant

ethic which had so engraved itself on men's minds that it survived the general decline in strong religious belief after the eighteenth century. The same explanation was valid for the irrational Western obsession with hard work, which animated both employer and workman.

One word summed up the Protestant attitude towards business and work: rationality. This was a key word for Weber. The application of rationalism, of careful planning and mathematics to Western science, law and economics transformed the traditionalistic attitude towards life. Traditionalism was the polar opposite of rationality. The traditionalist attitude towards trade had predominated in all societies until the sixteenth century. In economic terms traditionalism implied a leisurely tempo of business, with a minimum of competition and the minimum amount of labour necessary to earn enough to provide for one's needs. Specialization and the modern divisions of labour were absent. Certainly men were greedy and desired huge profits, but they did not pursue them rationally. The way to wealth was by some lucky windfall, some bold speculation, not the slow, planned accumulation of relatively small profits which characterizes modern capitalism. Until the Reformation the mentality of 'adventurer capitalism' predominated. 'It is only in the modern Western world,' Weber wrote in one of his later works (ref. 5), 'that rational capitalistic enterprises with fixed capital, free labour, the rational specialization and combination of function, and the allocation of productive functions on the basis of capitalistic enterprises, bound together in a market economy are to be found.' Weber had first been impressed with this rationalistic, calculating side of capitalism, together with its distinct ethic, when he had undertaken a study of the Stock Exchange.

The relation between social attitudes and economic behaviour formed the core of his later studies of other civilizations. But he left E. Troeltsch (1865–1923) to follow up his first thesis. The latter's views, close to Weber's, were enshrined in the monumental *Social Teaching of the Christian Church*. Weber occasionally returned to his original thesis but he never formally restated it in the light of the next fifteen years' research. In his unfinished *General Economic Theory* he mentioned the importance of non-spiritual factors in the evolution of modern capitalism, but in other places he appears to restate his early opinion without any qualification. A new synthesis was never made, and perhaps it was sound historical instinct which has led historians away from these important but confusing later works.

R. H. Tawney (1880–1962) popularized in Britain an already old

controversy among European historians when he published his series of lectures on *Religion and the Rise of Capitalism* in 1926. In spite of his late entry into the field he too ignored Weber's later studies. Tawney's work remains better known than Weber's in the English-speaking world; even in France his work was obtainable in translation long before any translation of *The Protestant Ethic*. The popularity of Tawney's work is not difficult to understand. One of the most distinguished economic historians of his generation, he restated Weber's thesis in a way which met some of the earlier criticism, and with much stronger historical evidence. It is misleading, however, to speak of the 'Weber–Tawney' thesis, because this masks several important differences in their view of the relationship between religion and capitalism. For example, Tawney substituted 'capitalism' for the 'spirit of capitalism', exhibiting a traditional British preference for the concrete fact rather than abstract ideas. Furthermore, rid of the tortuous arguments involved in the spirit of capitalism approach, he could agree that modern capitalism was to be found before the Reformation. This important modification was crucial for Tawney's interpretation. The Protestant ethic, with its insistence on hard work, thrift, etc., had contributed to the rise of capitalism, but at the same time Protestantism itself was being influenced by an increasingly capitalistic society. His belief that he had replaced Weber's one-way relationship by a reciprocal one rested on a common misunderstanding of the primacy Weber gave to spiritual factors.

His analysis of the Protestant ethic agreed with Weber's, though in the preface to the 1937 edition of *Religion and the Rise of Capitalism* he accepted recent criticisms that both of them had held a mistaken opinion on the uniqueness and consequences of the Protestant idea of the calling. More than Weber, he stressed the role of individualism, a fundamental Protestant approach, inherent in Calvinism from the beginning, but which had been repressed by a stronger emphasis on social obligations and discipline until after the Restoration in 1660. In later Stuart England this latent individualism found affinities with economic and political individualism. As a result the traditional Protestant attitude towards the pursuit of riches and the question of usury was transformed. It was not his contention that external forces radically changed the Protestant ethic; capitalistic tendencies had existed from the beginning, but until the mid-seventeenth century they had been repressed. After the Restoration this revised ethic significantly assisted the spread of capitalistic attitudes. Contemporaries

and historians had remarked on the well-known affinities between Trade and Nonconformists, the post-Restoration heirs of the Puritans. Neither modern capitalism nor economic liberalism, both of which Tawney detested, were bred by Puritanism, but both were fostered by the Puritan mentality. This awareness of two phases of Puritanism met one of the most powerful criticisms levelled against Weber: that he conceived Protestantism as a constant, and could therefore draw on evidence from any Protestant writer, whatever his period, to illustrate basic Protestant beliefs. Tawney the historian knew that ideologies were not constant. He rejected Benjamin Franklin as evidence for the apotheosis of the Protestant ethic, pointing out that Franklin owed much more to the secular enlightenment than to his Calvinist upbringing. Richard Baxter and Richard Steele were important sources for the late Puritan attitude, but he disagreed with Weber that they also illustrated earlier tendencies.

The main lines of criticism of Weber and Tawney will be outlined in later chapters of this volume. Anyone wishing to obtain an idea of the history of the controversy should consult E. Fischoff (ref. 10), as well as reading Tawney and Weber.

All historical controversies are complicated by methodological errors and a tendency to argue at cross-purposes. The debate on the Weber thesis has been longer, more confused and at times more passionate because non-historical considerations have been introduced. Capitalism remains an emotive word, but religious bickerings are perhaps less acrimonious in this ecumenical age. Enemies of capitalism have blamed religion for introducing the evil; occasionally, Catholic controversialists have used capitalism to tar the reputation of the Protestant Churches. Defenders of capitalism, on the other hand, have praised the Churches for their encouragement. Sometimes, as in the case of Tawney himself, religious and political beliefs are both present. Tawney, an active Christian Socialist, was convinced that in the sixteenth and seventeenth centuries the Christian Churches, especially the Protestant, lost sight of their traditional role of restraining anti-social behaviour and keeping down social tension, by throwing in their lot with the capitalists. He saw the economic individualism of the sixteenth and seventeenth centuries as the root of most modern social evils. To understand Tawney's attitude one must also read his *The Acquisitive Society* and his first historical work, *The Agrarian Problem of the Sixteenth Century*. But Tawney was no street-corner controversialist. His strong political and religious beliefs inspired a lifetime of

historical research, not only directing and animating, but also giving strength and unity to all his writings.

Because modern ideologies have become so closely involved in the historical relationship between Protestantism and capitalism, it is unlikely that this controversy will be settled to the satisfaction of all parties. Nevertheless, this rather pessimistic observation is not intended to deny the importance of the research which has been inspired nor the subtlety of the arguments. The historian long ago abandoned the role of chronicler of past events. If historical writing were to involve only the specialist monograph and the laborious though definitive study of separate events (however great), history would lose its intellectual appeal. The imaginative hypothesis preserves history from becoming an arid academic discipline.

Part One
THE CONTROVERSY

1 Protestantism and the Rise of Capitalism

CHRISTOPHER HILL

In the following passage Christopher Hill elaborates Tawney's arguments, devoting special attention to the views of Luther, Calvin and pre-Restoration English Puritans.

When the businessman of sixteenth- and seventeenth-century Geneva, Amsterdam or London looked into his innermost heart, he found that God had planted there a deep respect for the principle of private property. The more sophisticated might express this in the seventeenth century by saying that respect for property was a fundamental law, or part of the law of nature (or reason): but it was easier, and more likely to overbear opposition, to say with Colonel Rainborough in the Putney Debates that God had commanded 'Thou shalt not steal'. Such men felt quite genuinely and strongly that their economic practices, though they might conflict with the traditional law of the old church, were not offensive to God. On the contrary: they glorified God. For here the Protestant theologians had sold the pass, by their fundamental distinction between formal and charitable works, and by making the individual heart the ultimate arbiter.

The elect, Luther had said, must perform works to help their neighbour, the community, the commonwealth, humanity; this prevents the doctrine of justification by faith giving 'licence and free liberty to everyone to do what he will'. Men serve God in their callings, however vile, because they serve their neighbour. 'A cobbler, a smith, a farmer, each has the work and office of his task, and yet they are all alike consecrated priests and bishops, and every one by means of his own work or office must benefit and serve every other, that in this way many kinds of work be done for the bodily and spiritual welfare of the community.' In his doctrine of usury Calvin always insisted that men must consider the good of the commonwealth before their own gain. It all depends on the attitude with which we go about our work. George Herbert derived directly from Luther when he wrote that labour was dignified or degrading according to the spirit in which it was done.

> 'A servant with this clause
> Makes drudgery divine;
> Who sweeps a room, as for thy law,
> Makes that and the action fine.'

The enthusiasm with which English Puritan preachers took up this point shows that it met a real need. It was very arguable that productive economic activity in the sixteenth and seventeenth centuries was a charitable good work in Luther's sense. The Protestant's emphasis on hard work, which linked their reprobation of idle monks with their reprobation of idle beggars, sprang from the economic circumstances of the time as reflected in the thinking of bourgeois laymen. When Francis Bacon suggested that the age-old problem of poverty might at last be soluble if the resources of the community, including its labour, were rationally utilized, he was only developing an idea which he might have received from his very Puritan mother. The ambiguity of the word charity helped. The law without charity was nothing worth. Fuller said that Edward VI's charity was no less demonstrated in his foundation of Bridewell for the punishment of sturdy beggars than of St Thomas's Hospital for relief of the poor. Perkins thought the Poor Law of 1597 was 'in substance the very law of God'. Professor Jordan's remarkable book on philanthropy in England shows how in the sixteenth and early seventeenth centuries sober and rational calculation of what was of advantage to the community replaced the medieval ideal of indiscriminate alms-giving. The latter created beggars, and was self-regarding anyway; true charity was to encourage self-help in the deserving.

The preachers, and still more their congregations, might well be genuinely convinced in their hearts that industry was a good work, for the 'common good', for 'the use and profit of mankind'; that negligence in business harms the public state. It is a duty to God and the commonwealth to use your talents, said John Preston. Provided you do not make gain your godliness, provided you do not seek riches but accept them as the blessing of God if they happen to come – then you may lawfully take care to increase your estate. 'Ask thyself then,' said Thomas Taylor, 'what good doth my life to church, to commonwealth, to family, to men?' It was in fact the labour of generations of God-fearing Puritans that made England the leading industrial nation in the world – God, as His manner is, helping those who helped themselves.

Through this emphasis on the inner conviction which inspired actions, bourgeois lay society could impose its own standards. 'God's children look to the spiritual use of those things which the worldlings use carnally,' said Greenham. The actions of the Scribes and Pharisees 'were good for themselves, and for others', said Sibbes; 'but the end of

them was naught, and therefore both they and their works are condemned'. 'Man may with good conscience,' Perkins thought, 'desire and seek for goods necessary, whether for nature or for his person, according to the former rules: but he may not desire and seek for goods more than necessary, for if he doth, he sinneth.' ('The former rules' include the convenient provision that 'those goods without which a man's estate, condition and dignity . . . cannot be preserved' are necessary.) The preachers attempted to spiritualize what men were doing anyway, by telling them to do it for the right reasons. One may suspect that their congregations paid more attention to the general permission than to the careful qualifications with which it was hedged around. 'They are very hot for the Gospel,' said Thomas Adams of such laymen; 'they love the Gospel: who but they? Not because they believe it, but because they feel it: the wealth, peace, liberty that ariseth by it'.

'Men are too ready to accuse Puritans of covetousness,' observed William Gouge: we should be very cautious about this, since we cannot read the hearts of others, or know all the extenuating circumstances. 'Covetousness doth especially consist in the inward desire of a man, which is best known to himself. . . . Observe the inward wishes of thine heart. If they be especially for the things of this world, they argue a covetous disposition.' 'When therefore thou thinkest of sparing,' Dod and Clever advised, 'let not the greedy desire of gathering draw thee to it, but conscience of well using that which God hath lent thee.' 'Seek riches not for themselves, but for God,' was Thomas Taylor's simpler formulation. 'We teach you not to cast away the bag, but covetousness,' Thomas Adams reassured his City congregation. 'O ye rich citizens,' announced Joseph Hall, 'we tell you from Him, whose title is Rich in Mercy, that ye may be at once rich and holy.' When ministers went as far as that, we can imagine the simplifications and self-deceptions of laymen. The Presbyterian preachers, Hobbes noted two generations later, 'did never inveigh against the lucrative vices of men of trade or handicraft'.

The Puritans tried to spiritualize economic processes. God instituted the market and exchange, Dod and Clever assured their large public. 'He would have commerce and traffic to proceed from love', and He favours a fair bargainer. Greenham made unrepining acceptance of the market price evidence 'that thine heart is rightly affected, both to God and to the brethren'. Emphasis on the motive of the heart is the key to the preacher's distinction between 'biting' usury and

legitimate commercial transactions, no less than to their distinction between indiscriminate alms-giving and relief of the deserving poor, and to the Protestant doctrine of the calling. All stem from the theology of justification by faith. Did adventurers sail to North America 'to seek new worlds for gold, for praise, for glory'? 'If the same proceed of ambition or avarice,' they were warned in 1583, 'it cometh not of God,' and will not prosper. But if men are impelled by zeal for the honour of God, by compassion for the 'poor infidels captured by the devil', as well as by desire to relieve the poor of England and advance the interest of their honest and well-affected countrymen, then 'so sacred an intention' gives them the right 'to prosecute effectively the full possession of those so ample and pleasant countries'. 'If we first seek the kingdom of God,' wrote Hakluyt with divine simplicity and prophetic accuracy, 'all other things will be given unto us.'

To summarize the argument, then: The appeal to inner conviction, and the rejection of the routine of ceremonies through which the priesthood imposed its authority, could have liberating effects in any society. The hold over men's minds of an established doctrinal system had to be broken before the political and social order sanctified by those doctrines could be challenged. The appeal to the heart was common to early Christianity and many medieval heresies. Its most obvious effects were negative. But, positively, it facilitated the evolution of more flexible doctrines. Since opposition to the Roman Church in sixteenth- and seventeenth-century Europe drew its main strength from the big cities, Protestantism could be developed in ways which favoured the rise of capitalism. But there is nothing in Protestantism which leads automatically to capitalism: its importance was rather that it undermined obstacles which the more rigid institutions and ceremonies of Catholicism imposed. The Reformation mobilized masses of men against the Roman Church and the political authorities which protected it. Initial support for Protestantism and especially Calvinism came from the educated minority, largely urban, which thought seriously about problems of Church and State. But doctrines evolved by and for the middle class could appeal to other dissatisfied elements in the population, like the gentry of Hungary and Scotland, or the plebeians of the Dutch towns. By the same token, Protestant Churches were established – in Scandinavia, in central Europe – which made only slight and incidental contributions to the development of capitalism.

The Protestant revolt melted down the iron ideological framework which held society in its ancient mould. Where capitalism already

existed, it had henceforth freer scope. But men did not become capitalists because they were Protestants, nor Protestants because they were capitalists. In a society already becoming capitalist, Protestantism facilitated the triumph of the new values. There was no inherent theological reason for the Protestant emphasis on frugality, hard work, accumulation; but that emphasis was a natural consequence of the religion of the heart in a society where capitalist industry was developing. It was, if we like, a rationalization; but it flowed naturally from Protestant theology, whose main significance, for our present purposes, is that in any given society, it enabled religion to be moulded by those who dominated in that society.

'All external things [are] subject to our liberty,' declared Calvin, 'provided the nature of that liberty approves itself to our minds as before God.' But Christian liberty was for the elect only. Professor Brown has argued that later Puritan attempts to spiritualize the market were the opposite of Luther's view that the world was given over to the devil. Yet the transformation was due at least as much to the victories of the Protestant outlook in the world as to an abandonment of its theology. When true religion had triumphed, the godly could hardly surrender the world so cheerfully to the devil. In a society run by Protestants the ungodly must be disciplined; and the duty of performing good works for one's neighbour became a duty to the community. Hence the overwhelming emphasis of later Puritanism on the religious duties of industry, thrift and accumulation. As the bourgeois virtues triumphed, so the society of largely self-employed small producers was transformed into a society of domestic- and wage-workers, who could be profitably employed only by those who owned capital. In this society the few who climbed the social ladder did so at the expense of their neighbours. So the thought of the fortunate upper ranks came to stress more and more the vices and follies of the poor. Later Calvinism in England became harsher and more hypocritical, because of changes in society which it had helped to bring about. . . .

An age of ignorance is an age of ceremony, Dr Johnson correctly observed. The victory of Protestantism helped to end the animistic magical universe, and undermined the traditional popular conception or religion as propitiation. Henceforth God and the individual soul stood face to face. The sense of sin remained, became indeed more overwhelming, because sin had to be grappled with alone. But the sense of sin was now also a sense of potential freedom. No magician or

priest or saint could help, but God could. His promises were free and sure. The Puritan remained terribly conscious of his own sinful nature, even while he tried, by careful scrutiny of motive, to identify his will with the will of God. 'It does not need modern psychology to enable us to appreciate that the more bitter the internal struggle, the more complete was the assumption of identification with the Will of God in external activities.' The simultaneous conviction of depravity and righteousness does not make the most attractive characters in the world; but it gave a vital stimulus to productive effort in countries where capitalism was developing, at a time when industry was small-scale, handicraft, unrationalized. Successful medieval businessmen died with feelings of guilt and left money to the Church to be put to unproductive uses. Successful Protestant businessmen were no longer ashamed of their productive activities while alive, and at death left money to help others to imitate them. None were more industrious than those who had abandoned the concept of a work of supererogation.

'Not the labours of my hands
Can fulfill Thy law's demands.'

The paradox of Protestantism is that it eternally strives to fulfil a law which it knows to be unfulfillable. The paradox of capitalism is that production and accumulation become objects in themselves, losing sight of the end of consumption: just as the man whom Hobbes abstracted from this society sought power after power, ending only in death. Hobbist man is what capitalist man would have been if he had ceased to worry about his motives. At worst the preachers clothed his nakedness in a fig-leaf of hypocrisy; at best they humanized some industrial relations and directed energy towards public service as well as private profit.

'Protestantism and the Rise of Capitalism', in *Essays in the Economic and Social History of Tudor and Stuart England*, ed. F. J. FISHER
pp. 29–39
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2 English Protestantism and the Capitalist Spirit

C. H. and K. GEORGE

The theology of Puritanism has been much studied in the past thirty years, but it was not until 1961 that a detailed analysis of the social teaching of English Puritans before 1640 was published, two years after the first study in depth of the economic and social teaching of Calvin. The Georges accept that the Protestant ethic may have helped to change the traditional attitude towards work, but hold that in general English Protestantism was strongly anti-capitalist in the period before 1640. R. H. Tawney had reached the same conclusion forty years before, while stressing the potentially favourable side which came to the fore later in the century.

First, we have reached the general conclusion that the Protestant consecration of the world of men transformed the moral frame of reference affecting economic life. Sanctity, the supreme blessing of eternal life, was in the Protestant view a revelation more of the workshop than of cloister or castle. The world itself – and economic life was of course the central activity of the world – was both good and bad, but it was the critical area of concern. The Protestant saint must demonstrate his quality while living in the world, and busying himself with its tasks; he is a social and total being and the high road to salvation which he travels advertises those positive aspects of the world which the Catholic tradition denies.

The most obvious and troubling problem tempting comment in the realm of economic affairs was that of rewards, especially the discrepancies of extremes: wealth and poverty. With prosperity as with poverty, the Protestant urges the moral neutrality of rewards: both are absolutely God's will ('He giveth you riches, you get them not, it is not your own wisdom or travail that getteth them . . .'; 'A rich man may be a good man, and a poore man may be wicked. Christ sanctified Riches, as well as Povertie . . .'). The saint need not *necessarily* be suspicious of prosperity ('prosperity' is defined as superfluity or abundance beyond 'need' and 'need' includes maintenance of dependents, servants and inherited estate with all proper social appurtenances); similarly, poverty is neither positively to be sought, as in the Catholic tradition, nor, as in the later capitalist tradition, is it a mark of damnation.

Yet throughout the works of the English divines runs a persistent theme of 'let us labour to make our wayes more perfect, and we shall bee more perfect in our outward estate, we shall be better in our wealth'. Couched in pious injunctions about God's will and spiritual soundness as guides for all economic ambitions, there is a remarkably friendly attitude towards the possession, acquisition and enjoyment of property. Combined with the generous interpretation of spiritually appropriate wealth, the principle *sunt dei dona ergo in se bona* seemed, indeed, often to let down all barriers to the great God Mammon. But not so. On the contrary, all possibility of ultimately viewing worldly prosperity as a reliable indicator of divine favor or the soundness of one's spiritual state is forestalled by the fundamental insistence (nagging common sense!) that the blessings of the world are distributed indiscriminately to the good and to the bad. If there is a tendency to see worldly prosperity as a likely accompaniment of Christian zeal, the much more usual and emphatic judgment is that by far the gifts of best quality and most quantity that the world can offer fall to the share of the wicked rather than the virtuous. . . .

God's will in such economic matters may be inscrutable, and no rule of experience is quite reliable, but safety would seem to avoid extremes. The final, overwhelmingly magnificent reward, the gift of eternal salvation, was absolutely unrelated, or possibly negatively related, to economic rewards in this temporal world, and therefore such worldly rewards were in this ultimate context more a burden than a blessing. All of which theory is of course neither consistent nor quite honest; but to the real moral concern over the extremes of wealth and poverty and the attendant spiritual burdens of either economic injustice, the only possible solution was socialism, and socialism was a subliminal attribute of the Protestant mind, a fringe radicalism to be suppressed forcibly when it occasionally manifested itself in conscious social theory.

But if English Protestant divines were not consistent enough to be socialists, they were assuredly consistent enough to be generally anti-capitalist. Of course, 'capitalism' is a later socialist word and the free-enterprise exploitation of nature and labour which it denotes was in our period just emerging as a rational 'system', and was not yet labelled. Consequently, the *substance* of capitalist practice and morality could be attacked before the Revolution produced a new orthodoxy that acquired a new sanctity with a conforming, defeated clergy. The social hiatus of the era of Reformation in England, the transitional and dis-

integrated character of Reformation economic theory, permitted a remarkable latitude of opinion and criticism. Neither manorialism nor capitalism was a working, dominant mode of economic life. The result was a consistent negativism from the pulpit. All forms of economic behaviour were condemned as either exploitative or, in the case of socialism, as dangerously visionary. Nearly every writer on the inequities of the existing economic arrangements began by insisting upon the iniquity of 'those heretikes . . . which taught the unlawfulnesse of all earthly properties, seconded . . . in our times by some of the illuminate Elders of Munster . . .'. Communism was strictly a doctrine for 'the Consistorie of God, not . . . the Common pleas of men; in the Courts, not of Law, but of Conscience, in which onely it may fall out that the Civill owner may bee a spirituall usurper'. . . .

But suspicion of the money economy, and particularly of its credit arrangements, is merely the passive aspect of Protestant opinion. With bad grace, they grant, as Calvin had done, that the economic world makes practical demands upon Christian ethics which are very difficult to reconcile with Scriptural texts or good conscience. Clearly, they would prefer a simple farmer and artisan economy where no credit merchants are needed. They object not only to the money-lender who exploits the needs of the small man, but generally also to purely speculative and profit-tending loans among 'the rich'. Usury is not, as it is today, a legal term to denote exorbitant interest charges: usury is the moral term used to condemn as uncharitable and parasitic any interest charges for the use of money. All efforts by the capitalist world to condone the practice as morally respectable because economically useful are treated by the leading clergy with contempt: 'a sinne that hath many advocates and patrons' is still a sin. . . .

In this vehement denunciation of interest taking, the Protestant divines revealed most clearly their basic moral objection to 'the spirit of capitalism'. They could not tolerate any economic operation whose goal was primarily profit to the individual. Their economic ethic was entirely social and religious. For the economic man to be deliberately and self-consciously out for his own selfish good – any social benefit being derivative and an accident of economic organization – was anathema to the true Protestant saint. The money-lender was the clearest moral case in point, the ultimate horrible social example. His usefulness to the community seemed far less than that of any other performer in the monied world of economic affairs. He was not only a parasite in practical terms; more significant, his moral goal was

antisocial and could in no way be said to have its justification in *vocatio*, being one of the few occupations specifically abjured by revelation and good authority. The point here is not to quarrel with the correctness of their economic view of the lender as a social *persona non grata*, but rather to see that the basic crime of which the usurer was convicted was his moral commitment to self, to profit as an end in itself, to a vocation not provably godly and socially constructive.

Finally, we return to assess the relation of the Calvinist calling to capitalism. The English Protestant view of vocation is arguably the most important concept in their ideology. Far more than Luther or Calvin, as befitted their relation to a more aggressive economic polity, they turned the generalized ideal of the calling into a particularized ideal of work in the world. The curious and significant fact about the enormous literature on the calling is that the particular or work-in-the-world calling occupies the centre of English Protestant attention – so much so that the particular calling comes very close to becoming the spiritual, salvation-working calling as well as the moral, socially utilitarian vocation. In this process an ethic of work emerges unlike anything known to the West before.

The first emphasis of the English view is upon the social morality of the particular calling. Thus in its basic morality the Protestant vocational ethic is totally opposed to the individualistic social philosophy of emerging, and soon to be triumphant, bourgeois society. The moral incentives propounded by later liberalism, the Ben Franklins and Samuel Smileses of secularized middle class culture, the 'Protestant' liberalism brilliantly set out for us in the novels of Richardson, Fielding, Dickens and Thomas Mann – all of this flood of social morality based upon the priority of the individual's ego over the need of the group, was absolutely the antithesis of Reformation Protestantism. William Whyte, in his interesting book on *The Organization Man*, seriously mistakes the essence of the original 'Protestant Ethic' by contrasting it with a 'Social Ethic'. Indeed the 'rugged individualist', whose loss in American life he laments, would have been considered by our Protestants as shockingly immoral as the feckless, hollow (and still essentially self-centred) 'organization man'. . . .

Where, then, is the 'spirit of capitalism' in its Protestant guise? It simply does not exist in England before 1640. There is a spirit of work, of frugality, of rationality in opposing waste and the misuse of economic resources, but any push towards a society of individual profit-seeking, competition for economic rewards, and social mobility

scaled to the economic pursuit of wealth, comes not from the ideology of Protestantism, but from the lay and secular world of capitalism *sui generis*. Above all, it is impossible to argue that Protestantism in any way encouraged a profit system when the massive, uniform bulk of sermon and tractate literature equated any desire for profit (as opposed to service) with covetousness: '. . . let us consider what moved Judas to betray his master: namely, the desire of wealth. . . .' Any earnings above a fair maintenance of estate are to go directly to 'the good of others . . . the releefe of the poore . . . the maintenance of the Church . . .'. Downame demanded that any surplus of 'talents' must go to 'the glory of God in furthering the meanes of his worship . . .'. The use of profits was not increase in profits; it is nonsense to speak of such 'worldly asceticism' as a Protestant idea. The use of profits in any enterprise, it is repeated over and over again, must be for charity and the Church. Money is to be spent, consumed; not hoarded. Thrift is of course enjoined to avoid the excesses of economic failure, and to preclude social pride or extravagance; but 'the use of riches is to be communicated: else God might have made all rich'. The reward that accrues from a godly calling faithfully pursued has immediate social and religious uses and is otherwise a danger; for 'take heed of too much businesse, or intending too much, or inordinately'. In fine, Protestantism opposed the profit system, encouraged gild and church interference in economic life, and, above all, placed the good of the group above the advantage of the individual.

The association of Protestantism with capitalism is nevertheless a unique and doubtless important historical fact. The creation of the financial, legal and social techniques and goals of English capitalism has since Marx been recognized as the most precocious and possibly crucial economic process in the making of the modern world: and what happened in the sixteenth and seventeenth centuries in England triggered those vast social and economic explosions which have created and are creating revolutions of a magnitude comparable only to those which brought into being civilization itself. This economic revolution was linked to the religious revolution which is our concern, a linkage of both time and circumstance. Protestantism and capitalism had common enemies: the Roman Catholic hierarchy and feudalism. They shared the frustrations, dangers and uncertainties of striving for self-confidence and social control in an age of disintegrating and disaffected *élites* and ideals. But though the ambitions of capitalist entrepreneurs and the ideals of Protestant religiosity often made

common cause against the institutional and ideological bias of the past, reinforcing one another in their independent struggles, they could not share the future. For the new world taking shape was to be a world of business and science, perhaps the first civilization to dispense with religion as a primary concern for thinking humanity. There was not significant positive correlation between the philosophy of the bourgeoisie *qua* bourgeoisie and the religious idealism of Protestantism. There is certainly no evidence of dynamic, psychological, causal connection between Calvinism and either Weberian capitalism or the far more significant capitalism of 'this worldly' predation.

The Protestant Mind of the English Reformation 1570–1640
pp. 160–73
Princeton University Press 1961

3 A Case Study: Calvinism and Capitalism in the Netherlands, 1555–1700

ALBERT HYMA

The following is an example of a regional case study of the relationship between Calvinism and capitalism. Others have also been made for the Rhineland and Geneva as well as England. An omission in all these studies, however, is a proper investigation of the religious beliefs of the business section of the community, though Scoville (pp. 36–43) throws some light on this for seventeenth-century France.

The rise of Calvinism and of capitalism in the Netherlands should prove of considerable interest to all who have studied the works of Weber, Troeltsch and Tawney, because the Dutch Republic was the first country in which modern capitalism developed on a large scale. . . .

In discussing the attitude of the Calvinists in the Netherlands towards capitalism and capitalist, a distinction must be made between theory and practice, between the pronouncements of clergymen and the attitude of the provincial governments, between the opinions of the theological faculties at Leyden, Franeker, Groningen and Utrecht, and the opposition shown by magistrates and influential laymen. The Calvinists in the Netherlands faithfully copied their creed and church

government from the example set at Geneva, and they naturally followed the mother-church and the Huguenot churches in the attitude displayed towards the accumulation of capital or its equivalent. All possessions acquired beyond a reasonable form of subsistence were to be set aside for the poor, and it is interesting to note that today the orthodox Calvinist churches in the Netherlands still maintain the old dual collection at each service, one for the church and one for the poor.

The general synod at Emden, convened in 1571, where representatives of the Reformed churches in the Netherlands and of the refugee churches in Germany assembled, went a step further than the French synods, stating that, although it was permitted to be a merchant, it was

> 'improper for the confessors of the pure religion, unjust and hostile to love, to accumulate money in order that it may be debased, or otherwise to coin money which may result in damage to the general welfare, even though it be done with the connivance of the magistrates of the city'.

In the provincial synod of South Holland, convoked at Dortrecht in the year 1574, the question came up whether a banker should be permitted to partake of the Holy Supper. The answer was in the negative:

> 'No, for he has been allowed by the magistrates to operate his bank only because of the hardness and evil of men's hearts, and not because of God's will. Hundreds of persons would be scandalized by the admittance of such a person to the communion service.'

In the national synod of Middelburg in Zeeland, held in 1581, a similar question was asked, namely, whether the wife and servants of a banker were permitted to attend the communion service. The answer stated that the wife was not responsible for her husband's actions, and was therefore permitted to come, though on condition that she declare her objections to those actions, while the servants should not attend because they had been free to leave the banker's business if they had objected to his way of doing business.

Now the question arises: What was meant by the term 'banker' in the Dutch language during the sixteenth century? In the period between 1500 and 1650 persons who loaned money on security at high rates of interest were generally referred to as 'Lombardiers', partly because many of them had actually migrated from Italy to the Netherlands to do business there and partly because the banking business had originated in Italy. In a religious treatise published at Ghent in the year 1545 the name 'Lombaerds' already appears, and the reader is warned

against such persons and 'usurers'. This treatise was by Cornelis van der Heyden, a representative of that numerous group of Christians in the Netherlands before the end of the sixteenth century who refused to identify themselves with the Catholics, Lutherans, Calvinists, or any of the Anabaptist sects. Their attitude towards capitalism was the old-fashioned Christian attitude which admonished each person to acquire no more worldly possessions than were absolutely necessary. Van der Heyden quoted exactly the same texts as the Catholics had done, and, with the exception of the text from the book of Esdras, the same as the Calvinists frequently used.

One of the most instructive accounts of the rise of finance companies and banks in the Netherlands is to be found in a treatise called *Res judicanda*, issued by the *classis* (that is, the local assembly, or synod) of Leyden and the Lower Rhine, and published at Leyden in 1658. Here appears the scholarly analysis by the Rev. Mr John Cloppenburgh, as first presented by him in his *Christian instruction concerning usury, interest, purchase of bonds and all manner of profit gained with money*, written for the Synod of South Holland and published at Amsterdam in 1637. Here also appear commentaries by the *classis* of Leyden and the Lower Rhine, which may be briefly summarized as follows:

In the year 1515 Pope Leo X approved of the so-called 'Mountains of Charity', which lent money to poor persons and charged interest sufficient to pay the expenses, including the salaries of clerks. Cloppenburgh's translation of the official papal decree into the Dutch language is followed by his condemnation of the 'idolatrous superstition of perfection, good works, indulgences, the Papal Chair, and the Pope's excommunications'. Nevertheless, he adds, the practice of lending money in this manner, even though it must be declared usury (since interest is charged), may not only be permitted, but it is also just and fair.

In a number of cities in the provinces of Holland and Utrecht so-called 'loan banks' were instituted either by the magistrates or by bankers licensed by the municipal governments, in order to check the operations of the 'Lombardiers', who charged $32\frac{1}{2}$ per cent interest. Cloppenburgh remarks:

> 'Although it must be admitted that in these banks everything is not so equitable as in the Mountains of Charity, and although the profits are not used in helping the poor with alms, nevertheless the interest charges have been reduced one-half, and they are intended to help pay the cost of government. Furthermore, since it is the duty of every man to continue to labor

with his hands in order to improve his financial condition and so build up a surplus for the maintenance of the needy, I conclude that the magistrates by increasing the public funds are taking care that in times of depression the poor may be aided either through loans or alms.'

It might be argued, declared the *classis* of Leyden and the Lower Rhine in *Res judicanda* (p. 145), that the synods have paid no attention to this judgment by Cloppenburgh during recent years, since none of the old decisions against Lombards has been repealed; but would it not be more correct to say that silence must at least mean lack of condemnation? The *Res judicanda* indicates that by the year 1658 the official attitude of the clergy among the orthodox Calvinists in the Netherlands had finally become affected by the spirit of the new age, the age of modern capitalism. In referring to the national synod at Middelburgh in 1581 and the condemnation of the Lombards, the *classis* of Leyden argued thus:

'When was this synod held? In 1581, only a short time after the inception of the Reformation here in the Netherlands, when the prejudices against usury, or profit derived from money loaned at interest, as a residue of the Papacy, and caused by repeated decrees in the Canon Law, remained deep-seated in the minds of men.'

This modification of the old point of view was not welcomed by the faculty of theology at Utrecht between the year 1636, when the university was founded, and 1660, when the change was beginning to be openly recognized and approved in the province of Holland. At Utrecht taught the learned Voetius, who with his faculty endeavoured to perpetuate the pristine faith of the founders of the Dutch Republic. Voetius was widely regarded as the head of the orthodox school in the Dutch Republic. The University of Franeker still remained in the old fold; but its famous professor, Sybrandus Lubbertus, the warm friend of Archbishop Abbot of Canterbury and of the Puritans in England, was no more. The University of Groningen, founded in 1614, could not compete with Utrecht, and so the field was left largely to Voetius and his colleagues. In 1646 they issued a pamphlet under the title of *Res judicata*, which contained extracts from the resolutions of one national and forty-one provincial synods, and also from the pronouncements of several professors against the Lombards.

Res judicata contained, in addition to those numerous extracts, the *official opinion* of the leading Calvinists in the Netherlands during the fourth and fifth decades of the seventeenth century. This opinion showed plainly that in the provincial towns, removed from the bustle

of the great commercial and industrial enterprises, the attitude of the clergy and of the scholars was very slow to change, and that Calvinism cannot possibly be held responsible for the rapid growth of capitalism in the Netherlands.

In 1656 the church at Enkhuizen in the province of Holland asked the theological faculties at both Leyden and Utrecht for advice concerning the case of a widow who used to own a share in a 'Lombards bank'. The faculty at Utrecht replied that the widow should not be permitted to become a member of the church (unless she had done her share in complete ignorance) except after promising a better comportment and complete restitution for the interest taken from the poor, partly in the form of alms during her lifetime and partly in her will. Reference is made to Exodus, chapter 22, and Leviticus, chapter 25. The letter closes with these words:

> 'We urge you as bretheren that the first love of our churches be not relinquished, nor the old restrictions removed, especially those mentioned in the synod of North Holland concerning the Lombard at Enkhuizen, as you may see in our *Res judicata*. As we take leave of you, we pray to God that He will bless you.'

The letter was signed by Gisbertus Voetius, Andreas Essenius and Mathias Nethenius. The same view was upheld by the faculty in 1657, when it published the second part of *Res judicata*.

The theological faculty at Leyden was not so severe in its judgment. Although suggesting that the decisions previously made by the various synods must be upheld, the faculty did not demand restitution, nor did it exhort the church at Enkhuizen to 'cling to the first love of the churches'. Leyden was too much under the influence of the new capitalistic class of people. Its *classis* had just begun to waver and it must have been rather difficult for the theological faculty to insist on the execution of the synodal decrees which the local clergy deemed antiquated. In the same year, 1656, the synod of North Holland, held at Alkmaar, decided to give permission to a clerk in a 'loan bank' at Hoorn to attend the communion service in the Reformed church in his city, according to the *Res judicanda* issued by the *classis* of Leyden in 1658.

Just what had happened since the earlier synods? *Res judicanda* averred that there was a decided difference between a bank properly licensed by the municipal government and one merely permitted to function, as had been the case usually in the past. Consequently, the new decision was not intended to nullify those made by earlier synods,

for the change in the constituency of the banks, so it was held, necessitated a change in the attitude of the church. It is not surprising that the estates of Holland declared in 1658 that henceforth no church had the right to deprive any banker of participation in the communion service because he was a banker. In due course the other provinces followed suit. The new regime was first officially introduced in North Holland, where Amsterdam was located. Here the chief offices of the great commercial companies were situated, and here capitalism first caused the 'first love of the churches' to cool, which is exactly the opposite of the process imagined by Max Weber and his followers.

The resolution of the estates of Holland and West Friesland was dated March 30, 1658, and read in part as follows:

> 'After ripe deliberation it has been decided that the question of moneys loaned by banks does not fall within the jurisdiction of church boards, *classes* or synods, but comes under the supervision of the civil government, and that therefore the civil officials in the forthcoming synod will declare in behalf of the estates that the churches are not to take upon themselves the decision regarding the amount of profit the banks are permitted to earn, but they must leave that to the discretion of the government, resting assured that the latter will take care to protect the public and especially the poor against usury and to take the proper steps to insure profit for the majority of the population, whether the magistrates should continue to operate the banks themselves or shall lease them to private concerns. Consequently, when those persons active in such banks comport themselves to the satisfaction of the magistrates, they shall not be suspected or accused of being guilty of usury.

In consequence of this resolution, the Synod of South Holland held at Rotterdam in 1660 suggested that the *classis* of Gouda take whatever steps it deemed fitting concerning a lady who was in charge of a bank at Vianen, bearing in mind the resolution taken by the provincial estates in 1658. After this synod there was no further reference to bankers or Lombards in any of the synods of South Holland. This effectiveness of the resolution by the provincial estates must appear all the more remarkable in view of the fact that the synods held at The Hague in 1624 and at Leyden in 1629 declared that not even the wife of a banker was permitted to attend communion service, while in 1639 the synod held at Leyden decided that a banker's wife should be admitted on condition that she expressed displeasure at her husband's type of business.

Thus, it can be determined very clearly when and how the simple tenets of Calvinistic faith, with its emphasis on soberness and charity

began to be tainted with the spirit of excessive financial gain so characteristic of the province of Holland. Where Calvinism was the strongest, as in Utrecht and in Friesland, the 'first love' was harboured the longest, because commerce and industry on a large scale were unable to penetrate those provinces. Only after the bankers met the terms proposed by such men as Voetius, by greatly lowering the rates of interest and by helping the communities to give sufficient financial support to the poor, were they permitted to partake of the sacrament of communion in Utrecht and Friesland.

Closely related to the question of rates of interest to be charged on loans was that of the amount of money which a person might legitimately earn and keep for himself. This question has been discussed by Beins*, who quotes extensively from some of the leading Calvinists in the Netherlands, especially from Professor G. Ames (Amesius), at Franeker, a former Puritan from England; the Rev. J. Cloppenburgh, mentioned above; Professor G. Voetius, at Utrecht, also mentioned above; and Professor L. Danaeus, at Leyden. He also refers to the influential preacher Trigland at Amsterdam, the author of an ecclesiastical history of the Netherlands in the first half of the seventeenth century, who was noted for having stated that one should keep only enough money for his personal needs and give the rest to the poor.

It is, however, disconcerting to observe that Beins has not attempted to make a distinction between Puritanism and Calvinism and that he also has failed to show whether practice followed theory. For example, the learned Festus Hommius, as stout a defender of the Counter Remonstrants as Trigland, accumulated a capital amounting to 25,000 guilders. Again, Ames can scarcely be quoted as a typical Calvinist, since on numerous occasions he speaks and writes as an English Puritan, asserting that 'man can do something of himself preparatory to regeneration'. Indeed, many more citations than Beins has given will be required before anyone can decide with certainty what were the political, sociological and economic views of the Calvinists in the Netherlands from 1555 to 1700. And as for the Puritans, no definite system of thought can be discovered, for the excellent reason that the Puritans did not develop such a system.

The truth is that the medieval church was responsible for several theories and practices which, according to many Protestants of our day, were first evolved by the Protestants, such as the emphasis upon

* DR E. BEINS, 'Die Wirtschaftsethik der Calvinistischen Kirche der Niederlande 1565–1650', in *Nederlandsch archief voor kerkgeschiedenis*, N.S., XXIV (1931).

doing one's daily tasks with scrupulous care, the dignity and worth of commerce and industry, as well as the necessity of acquiring a comfortable income. . . .

The Arminians throve in the province of Holland and, together with the more worldly and more liberal among the orthodox Calvinists, became the leaders of business, while in Utrecht, Groningen and Friesland primitive Calvinism kept Arminianism in check.

In the city of Amsterdam:

> 'the greatest diversity of faith and of original habitat existed, both among the proletariat and among the leading members of the bourgeoisie, the owners of the industrial and commercial establishments, who exploited labor. Nevertheless, the greater capitalists belonged for the most part to those families which in the days before the religious dissensions had carried on commerce on a large scale. But since many foreigners had recently arrived from the southern Netherlands, together with Protestants and Catholics from the outlying Dutch provinces, the bourgeoisie was readily inclined to sympathize with the various religious beliefs current in the city.'*

Influential statesmen and writers like Cornelius Pietersz, Hooft and Hugo Grotius sought to lead the masses to a more enlightened treatment of 'heretics' than the ministers in the Reformed church were willing to permit. Religious toleration was necessary in Amsterdam, but in the provincial capitals, such as Groningen in the north, the clergy could continue with their persecution of Nonconformists:

> 'In such small and economically self-sufficient towns it was perhaps possible to do what the magistrates of Groningen did in 1602 when they prohibited the exercise of every form of religious worship except that of the Reformed church.'†

There is no doubt that the poorer classes of people in Amsterdam and elsewhere looked up to the church as the necessary means of salvation, whereas the more prominent men and women saw much that was good in all the religious denominations and, as a result, were not so easily awed by the authority of the Calvinistic clergy. The extraordinary development of literature and the fine arts in the province of Holland was, for the most part, the work of Remonstrants, like Hugo Grotius; of liberals among the Calvinists, like Rembrandt; and of Catholics, like Vondel.

The role played by the Jews in the rise of capitalism in Amsterdam

* W. VAN RAVESTEYN, *Onderzoekingen over de economische en sociale ontwikkeling van Amsterdam gedurende de 16de en het eerste kwartaal de 17de eeuw*, Amsterdam, 1906.

† *Ibid.*

was generally exaggerated until the excellent study of Dr Herbert I. Bloom* was published. The share of the orthodox Calvinists has likewise been overestimated by many critics, and probably for the same reason, namely the lack of sufficient research. Capitalism in the Dutch Republic expanded naturally, as may be seen from an examination of the trade with the Baltic countries, which with the fishing industry furnished the foundation of Dutch naval and commercial power during the seventeenth century.

For example, in 1503 a total of 1,222 ships passed legitimately through the Sound, of which 718 came from the province of Holland and only 46 from Friesland – a clear indication of the supremacy of the Dutch merchants in the Baltic Sea when there were practically no Jews active in commerce in the Netherlands and when there were no Protestants at all. During the following fifty years, Friesland's share in the Baltic trade rose to the highest percentage ever recorded, that is, 799 ships out of a total of 3,283 which passed through the Sound in 1564, against 2,425 for Holland. At this time Calvinism was just entering Friesland from the south; and, if this religion actually helped the growth of commerce and industry, it should have benefited Friesland more than any other Dutch province, for Friesland became predominantly Calvinistic after 1564. But the figures show a contrary trend. In 1574, Friesland had only 46 out of 4,567; in 1575, 36 out of 3,786; in 1576, 52 out of 3,885; in 1577, 252 out of 4,784; in 1578, 354 out of 5,010; in 1579, 380 out of 3,772; in 1580, 401 out of 3,832; in 1581, 421 out of 4,262; in 1582, 442 out of 4,946; in 1583, 529 out of 5,371; in 1584, 449 out of 4,898; in 1585, 360 out of 4,103; and in 1587, 502 out of 6,465. The figures for the period from 1587 to 1660 remain approximately the same as those from 1580 to 1587, while those for Holland also show about the same percentage after 1587 as they do before 1587: in 1587, 2,254 out of 6,465; in 1594, 2,974 out of 6,208; in 1600, 1,778 out of 4,288; and in 1608, 3,387 out of 6,582.

Commerce with southern Europe, the Levant, the Far East and America showed Friesland and Groningen in an even more unfavourable light when compared with the province of Holland, for the latter controlled at least ten times as much of the trade as the two northern, that is, the two most thoroughly Calvinistic, provinces together. These provinces were equally inferior to Holland in the textile industries, which were controlled largely by Leiden, Haarlem,

* DR HERBERT I. BLOOM, *The economic activities of the Jews in Amsterdam in the seventeenth and eighteenth centuries* (Williamsport, Pa., 1937).

Amsterdam and Rotterdam. The place formerly occupied by Flanders had been usurped by Holland. Again Holland completely overshadowed the northern provinces in nearly all the other leading industries, the publishing trade, and banking.

During the days of greatest prosperity for the Dutch Republic as a whole, the provinces in which Calvinism was the strongest shared the least in the process of capitalistic growth. The present writer, who has spent approximately twenty years in Friesland and Groningen, is impelled to conclude that Calvinism in the Netherlands retarded the development of capitalism.

Unfortunately, little has been known about the history of Calvinism in the northern regions in the Dutch Republic and in the northwestern corner of Germany, and it was a great surprise to many Americans to learn in 1936 that the first president of Harvard College was an alumnus of the University of Franeker in Friesland. Hundreds of Puritans were educated there during the first half of the seventeenth century, when Friesland was the chief bulwark of orthodox Calvinism on the continent of Europe, although it had lost its prominent place in the Netherlands as a commercial centre of international importance. King James I of England and his archbishop, Abbot, strongly favoured Franeker above Leyden in the period between 1610 and 1616, because Leyden had appointed Vorstius to replace Arminius, and the former was regarded by the English king as a worse heretic than Arminius. At about the same time there lived in East Friesland the learned Johannes Althusius, recognized today as 'the clearest and most profound thinker which Calvinism has produced in the realm of political science'.

At the international Calvinist synod held at Dordrecht, in 1618–19, where representatives from England, Scotland, Switzerland and several German states were present, the meetings were presided over by Bogerman, preacher at Leeuwarden, the capital of Friesland; while the leading Dutch scholar from the ranks of the Counter Remonstrants was Professor Sybrandus Lubbertus of Franeker. The influence of Lubbertus upon English Puritanism may be seen in the six thousand letters of his to be found in the British Museum; and his masterful definition of predestination given in the formal report at the synod of Dordrecht is worthy of serious study.

It would seem, therefore, that Professor Holl* need not have gone so far as to say that Calvinism, which had been the opponent of capitalism in the beginning, became, at least in England and America –

* K. HOLL, *Gesammelte Aufsätze zur Kirchengeschichte*, vol. III (Tubingen, 1929).

owing to its inherent qualities of thrift, love of order, integrity, egoism and renunciation – the vehicle of the spirit of modern capitalism. He could have maintained his opinion from the beginning until the end, namely that where the great centres of industry and commerce were, Calvinism lost its pristine purity; while in the northern provinces of the Netherlands, where over 70 per cent of the people were orthodox Calvinists, and in Scotland, strangely neglected by Weber and his sympathizers but nevertheless a much more thoroughly Calvinistic country than either England or New England, the faith of John Calvin carried on amid poverty-stricken populations, so that the poor always had to be subsidized by the wealthier element in the church. In those regions the same old traits can still be examined by the lover of truth; and they will be found, after honest and painstaking study, as Voetius Gomarus and Lubbertus had hoped they would remain. The people there are still as industrious as the Catholics had been in Flanders and Holland before the opening of the sixteenth century.

'Calvinism and capitalism in the Netherlands 1555–1700'
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4 The Reformation and Economic Change

H. R. TREVOR-ROPER

The following passage is part of an important article by Professor H. R. Trevor-Roper which has extended the boundaries of the old debate by integrating the economic advance of the Protestant countries in the centuries after the Reformation with far reaching political and social as well as religious change in Catholic Europe. These, he contends, forced capitalists to leave the old commercial capitals of Europe. His arguments well illustrate the dangers of regarding economic history as an autonomous study, an error which Weber was determined to refute. Space permits only the first part of the article, analysing economic change, to be reproduced.

. . . Both economically and intellectually, in the seventeenth century, the Protestant countries (or some of them) captured the lead from the Catholic countries of Europe. Look at Europe in 1620: the date I have chosen for the end of the Renaissance period. With the advantage of afterknowledge we are apt to say that the shift had already taken place:

that Holland and England had already usurped the place of Italy and Spain. But of course this was not so. At that time the configuration of power – to a superficial observer at least – must have seemed much the same as it had been in 1520. Spain and the Empire, Italy and the Papacy, these are still the centres of power, wealth, industry, intellectual life. Spain is still the great world power; South Germany is still the industrial heart of Europe; Italy is as rich and intellectually exciting as ever; the Papacy is recovering its lost provinces one by one. Now look again in 1700, and how different it is. Politically, economically, intellectually, Europe is upside down. Its centre has moved from Catholic Spain, Italy, Flanders and South Germany to Protestant England, Holland and the cities of the Baltic. There is no escaping this great change. It is general fact; and although we may find special reasons applicable to this or that part of it, its generality is too huge and striking to be exercised by any mere sum of particular explanations. The Inquisition may have ruined Spain, the blockage of the Scheldt Flanders, the loss of the Levant market Venice, the change of sartorial fashion Lombardy, the difficulties of transport South Germany, the opening of Swedish iron-mines Liège. All these events may be separately true, but together they fail to convince. A wholesale coincidence of special causes is never plausible as the explanation of a general rule.

How can we explain this extraordinary rise of certain Protestant societies and the decline of Catholic societies in the seventeenth century? It is not enough to say that new discoveries or changed circumstances favoured north Europe as against south (for Catholic Flanders and Liège and Cologne are in the north, and yet shared the Catholic decline), or the Atlantic countries as against the Mediterranean (for Lisbon is better placed on the Atlantic than Hamburg). And even if opportunities did change, the question remains, why was it always Protestant, not Catholic societies which seized these opportunities? Surely we must conclude that, in some way, Protestant societies were, or had become, more forward-looking than Catholic societies, both economically and intellectually. . . .

Now, in spite of all that can be said against it, I believe that there is a solid, if elusive, core of truth in Weber's thesis. The Calvinist ethic did lead, in certain cases, to the formation of industrial capitalism. It is not enough to say that capitalism had a freer field in Protestant countries, because we have to explain why even in Catholic countries, like France or Austria, it was Protestants who throve and built up

industry. And it is indisputable that extreme forms of Protestantism were popular among industrial workers, whether the miners of Bohemia and Saxony or the cloth-workers of Yorkshire and Lancashire. On the other hand, there are certain serious difficulties about Weber's thesis. Any general theory has to take account of exceptions. Since Weber himself limited the Protestant ethic to Calvinism, he had no need to explain the economic stagnation of Lutheran Germany; but what about Scotland? According to Weber's theory, Scotland, with its coal deposits and its strict Calvinist system, should have progressed faster than England, whose Anglican system was regarded by Laveleye as, economically, little better than popery. And why was it 'Arminian' Amsterdam which created the amazing prosperity of the United Provinces, while Calvinist Gelderland remained the reserve of booby squires – that class which, according to the earliest explicit exponent of the theory, Slingsby Bethel, was always the enemy of mercantile progress? Such notable exceptions suggest that even if Calvinism did create or fortify the capitalist spirit it did so in a very uncertain manner.

For these reasons I wish to consider the thesis anew – or rather, not the thesis but the historical facts to which Weber supposed it to apply. I think this is worth doing, because Weber himself merely described a theoretical connexion: he never gave a single historical instance of the connexion thus described; and Weber's most distinguished successor, R. H. Tawney, confined himself to English examples, thus denying himself the light which may come from a comparative method. In considering the facts, I will begin by a brief glance at Europe in the years of revolution between what I have called the period of the Renaissance and the period of the Enlightenment: i.e. in the years of the Thirty Years War.

Let us start with the Protestant powers. In the late 1620s and early 1630s the political champions of the Protestant cause were not Calvinists, they were Lutherans. They were the two kings of Scandinavia: the extravagant, Catholicizing, aesthete, Christian IV of Denmark, and, after his defeat, the severe, mystical, crusading hero, Gustavus Adolphus of Sweden. In order to intervene in Europe, both these kings found themselves obliged to mobilize new industrial and financial resources, and this meant employing great capitalists. Who were the capitalists whom they found?

Christian IV turned first to a Calvinist firm in Amsterdam, the de Willem brothers; Jan de Willem, in Copenhagen, was one of the

founders of the Danish East India Company. His brothers Paul and David sat in Amsterdam and through the international money market provided credit for the purchase of arms. When the de Willem brothers ceased to serve him, Christian IV turned to another Calvinist family, of Flemish origin, the Marcelis family, who had already made a commercial empire in the north. They sought to corner Swedish copper, handled the King of Denmark's Norwegian copper and the Czar of Russia's corn and armour. In the end they plumped for Denmark. By the 1640s the brothers Gabriel and Celio Marcelis were the King of Denmark's economic advisers, contractors, financiers, munition merchants, timber exporters. They advanced money on the Sound tolls and the copper tithes. They raised fleets. Around them, the native Lutheran aristocracy sank into mere landownership and the native Lutheran merchants became mere agents of Dutch Calvinist merchant houses. The Dutch Calvinists became, in fact, a new capitalist aristocracy in Lutheran Denmark.

The King of Sweden did likewise. What the Marcelis family was for Denmark, the firm of de Geer and Trip was for Sweden. Louis de Geer, indeed, a Calvinist from Liège, settled in Amsterdam, was to become the Fugger of the north. Driving out all his rivals (also Dutch Calvinists) he became 'the indisputable master of Swedish economic life', 'the Krupp of the seventeenth century'. The whole copper and iron industries of Sweden were in his hands, and from them he supplied the armies and fleets not only of Sweden but also of Holland, France, Venice, Portugal, England, Scotland, Russia and the German princes. He also manufactured brass, steel, tin, wire, paper, cloth. He was a great shipper and shipbuilder: in 1645 he assembled, chartered and equipped a naval squadron to serve Sweden against the fleet which his kinsman Grabriel Marcelis had similarly raised for Denmark. He organized and financed the Swedish African Company. In repayment of his loans to the Swedish Crown he received yet more concessions, consignments of copper, leases of Crown lands, customs dues, privileges, exemptions, titles of honour. He was the financier of Sweden's empire abroad, the founder of its extractive industry at home. To operate it, he brought to Sweden Calvinist workers from his native Liège: 300 Walloon families who never learned Swedish but whose influence was felt in Sweden for more than 300 years. . . .

If Lutheran Denmark and Sweden were modernized and financed by Calvinist entrepreneurs, what of the other supporters of European Protestantism, the Catholic monarchy of France? Cardinal Richelieu,

it is well known, like Henri IV before him, relied largely on Huguenot men of affairs. His bankers were French Calvinists, the Rambouillets and the Tallemants. To pay the French and Swedish armies he employed Jan Hoeufft, a Calvinist from Brabant who had been naturalized a Frenchman in 1601 and had been employed by Henri IV to drain the lakes and marshes of France. Through his brother Mattheus in Amsterdam, Hoeufft was in touch with the Calvinist international, with de Geer, and with the Baltic. But in 1639 Richelieu found another Protestant financier who was to dominate French finance for a quarter of a century: Barthélémy d'Herwarth, who in that year, brought over to him the leaderless German army of his deceased employer, Bernard of Saxe-Weimar.

Barthélémy d'Herwarth is a famous figure in French economic history. By his financial ability he kept the army of Alsace loyal to France. He financed Mazarin's German policy. 'Monsieur d'Herwarth,' the Cardinal once declared in the presence of the young Louis XIV, 'has saved France and preserved the crown to the King. His services should never be forgotten; the King will make them immortal by the marks of honour and recognition which he will bestow on him and his family.' The King duly made him Intendant des Finances, and relied on him more than once in moments of crisis. The *dévots* were outraged to see this Huguenot so powerful at Court, but they could do nothing: Herwarth 'had rendered such service to the State by means of his credit with the German army', it was explained, 'that all other considerations must yield'. As Intendant des Finances, Herwarth filled his office with his co-religionists. Under him, wrote Elie Benoist, the contemporary historian of the Revocation of the Edict of Nantes, 'Public Finance became the refuge of the Reformed, to whom other employment was refused'. Upon which a modern French historian has commented, 'Herwarth after Sully, there – as far as France is concerned – is the true origin of the famous Protestant Finance; not in the intimate connexion and theological reasons invoked by Max Weber and his school.'

'As far as France is concerned' – possibly; but possibly not. Even if the French Huguenots sought to introduce each other into financial office, does that explain their competence for these offices? And anyway, the rule does not apply to France only. We have seen it in Lutheran Denmark and Lutheran Sweden. Let us now go over to the other side in the Thirty Years War: the side of Catholic Austria and Catholic Spain.

For the Hapsburg powers also needed industrialists and financiers to mobilize their resources and pay their armies: those armies that had to fight on so vast a theatre, from the Baltic to the Alps, from the Carpathians to the Pyrenees. That they were successful for a time was due, it is well known, to the genius of one man, Albert von Wallenstein. Wallenstein, greatest of *condottieri*, discovered the secret of keeping an army in being, paying it by contributions levied from conquered provinces and cities, feeding, clothing and arming it from his own workshops, factories and mines. But behind Wallenstein, we now know, stood another man whose presence, long-hidden, has only recently been revealed: Hans de Witte, a Calvinist from Antwerp.

There is something incredible in the career of Hans de Witte, the solitary Calvinist who sat in Prague financing the army of the Catholic powers. He had come thither to serve the tolerant, eccentric Emperor Rudolf II, and had somehow stayed to finance his intolerant successors, who, however, tolerated him for his industrial and financial services. Already, by the beginning of the war, he controlled the silver and the tin of the empire. Thereafter his power never ceased to grow. It was he who advanced all the money to pay Wallenstein's armies, recouping himself with the taxes of loyal and the contributions and ransoms of conquered provinces. It was he who organized the supply of those armies with arms and armour, uniforms, gunpowder, saltpetre, lead, all drawn from Wallenstein's duchy of Friedland. Production, manufacture, transport down the Elbe – he managed it all. All the silver-mines, copper-mines, lead-mines on Wallenstein's estates were in his hands. The iron forges of Raspenau in Bohemia, the rival of the iron-mines of Arboga in Sweden, were under his control. He was the de Geer of the Catholic powers. Like de Geer he brought his co-religionists with him to work the mines, and secured guarantees that they would not be molested for their religion. It was a guarantee that only he could have secured: for as the Jesuits took control of Bohemia, the Calvinists had been remorselessly driven out. In the end only one remained: Hans de Witte, the greatest industrialist, greatest financier, richest subject of Bohemia, the banker of the Emperor and Empress, the generalissimo, the nobility, the clergy, the Jesuits themselves. When the crash came – when Wallenstein fell and the banker's long-strained credit was finally ruined – it was still in Prague, still a Calvinist, that he met the end, drowning himself, bankrupt, in his garden well. . . .

Thus in Catholic as in Protestant countries, in the mid-seventeenth

century, we find that the Calvinists are indeed the great entrepreneurs. They are an international force, the economic *élite* of Europe. They alone, it seems, can mobilize commerce and industry and, by so doing, command great sums of money, either to finance armies or to re-invest in other great economic undertakings. Faced with these facts, it is easy to assume a direct connexion between their religion and their economic activity; and yet, before we jump to such a conclusion, we would do well to look more closely at the picture we have sketched. We must apply the historical tests with which Weber, the sociologist, dispensed. In particular, we must ask, what was the common denominator of the actual Calvinist entrepreneurs whom we know? Was it Calvinism of the type defined by Weber? If not, what was it?

Now, certainly, the men whom we have named were not all orthodox Calvinists in religion. Louis de Geer was: he indeed showed a firm enlightened Calvinist piety from the time when, in La Rochelle, he took his vow to serve God with whatever he might gain in a life of virtuous commerce. He patronized Calvinist scholars, gave generously to dispossessed Calvinist ministers, and in all his career as an industrialist seems never to have supplied any enemy of the Calvinist cause. But in this Louis de Geer is an exception. His opposite number Hans de Witte, though he professed Calvinism to the end, was as bad a Calvinist as it was possible to be. Not only did he serve the Jesuits and the Catholic powers against European Protestantism: he had his son baptized in the Catholic Church with Wallenstein, the Terror of European Protestants, as godfather. François Grenus was not much better. As for Herwarth, it is not even certain that he was a Calvinist at all. As a naturalized French subject, he counted as a 'Huguenot'; but he was already middle-aged when he became a Frenchman. He was born a German, of a Lutheran family, and Mazarin found him in the service of a Lutheran prince. He was probably a Lutheran.

Of course, Weber himself would not admit mere doctrinal orthodoxy as a criterion. His Calvinist was not a strict believer or even practiser of his religion, but a social type, whose character, though originally formed by Calvinist teaching, could easily become detached from it. What we should look for, to confirm his theory, is not merely religious faith, but 'worldly asceticism': frugality of life, refusal to buy land or titles, disdain for the 'feudal' way of life. Unfortunately, here too, we are disappointed. In real life, all the great entrepreneurs lived magnificently. Dutch Calvinist merchants might not buy great estates in Holland, where there was so little land to buy, but abroad

they let themselves go. Even Louis de Geer bought lands in Sweden 'surpassing in extent the dominions of many small German princes'. He acquired a title of nobility and founded one of the greatest noble houses in Sweden. So did the other Dutch capitalists in Sweden – the Momma brothers, Peter Spiering, Martin Wewitzers, Conrad van Klaenck. Hans de Witte acquired hereditary nobility and vast estates in Bohemia: at the height of his success he owned three baronies, twelve manors (*Höfe*), fifteen landed estates and fifty-nine villages. Barthélémy d'Herwarth showed even less of that puritan asceticism which characterized Weber's ideal type. As his town house, he bought for 180,000 livres the Hotel d'Epernon, and then, finding this palace of a Duke and Peer of France inadequate for his splendid tastes, he scandalized Parisian society by demolishing it and rebuilding on a yet more lavish scale. As his suburban villa he bought the maison de Gondi at St Cloud, where Catherine de Médicis had held her festivals and Henri III had been murdered, and sold it back to the Crown for 250,000 livres. As his country house he bought the châteaux of Bois-le-Vicomte, once the residence of Cardinal Richelieu, of Gaston d'Orleans, and of la Grande Mademoiselle. In such surroundings the Protestant financier entertained royalty and indulged, with his friends, that passion for gambling which was notorious and censured even at the indulgent Court of Louis XIV. Such were the real men whose abstract type was characterized by Weber's 'rational worldly asceticism'.

If the great Calvinist entrepreneurs of the mid-seventeenth century were not united by Calvinist piety, or even by its supposed social expression, what did unite them? If we look attentively at them we soon find certain obvious facts. First, whether good or bad Calvinists, the majority of them were not natives of the country in which they worked. Neither Holland nor Scotland nor Geneva nor the Palatinate – the four obvious Calvinist societies – produced their own entrepreneurs. The compulsory Calvinist teaching with which the natives of those communities were indoctrinated had no such effect. Almost all the great entrepreneurs were immigrants. Secondly, the majority of these immigrants were Netherlanders: some of them, perhaps, were only Calvinists because they were Netherlanders.

De Geer, the Momma brothers, Spiering in Sweden, the Marcelis family in Denmark, Hoeufft in France, de Witte in Bohemia, were all Netherlanders. The pseudo-Hanseates along the Baltic coast, the newly prospering merchants of the Rhineland cities, were largely Netherlanders. 'We can fairly say,' writes the greatest authority on the

subject, 'that the old system of the Hanseatic League had been interwoven with a new system, which brought all these cities into peculiar dependence on Dutch entrepreneurs.' Moreover, when we look closer still, we discover that these Netherlanders came generally from a particular class within the Dutch Republic. Even there they were, or their fathers had been, immigrants. They were 'Flemings' – that is, immigrants from the southern provinces now under Spanish rule – or they were Liégeois, from the Catholic prince-bishopric of Liège.

The extent to which the new prosperity of Amsterdam, after 1600, was built up by *émigrés* from Antwerp is well known. Amsterdam, in the sixteenth century, was a fishing and shipping port: in the world of international commerce and high finance it had little significance until the reconquest of Antwerp by Alexander Farnese in 1585. The earliest form of marine insurance there dates from 1592, and it had probably been introduced by the more sophisticated southerners – the famous Isaac le Maire of Tournai and Jacob de Velaer of Antwerp – who were among its signatories. There were no bankers in Amsterdam before 1600. The Bank of Amsterdam, founded in 1609, and the Bourse of Amsterdam, founded in 1611, owed their existence to the 'Flemish' immigration and were based on southern, Catholic models. The Dutch West India Company was an almost entirely Flemish company. Peter Lintgens, one of the founders of the Dutch East India Company, had brought his shipping and insurance firm, with its international connexions, from Antwerp. The most famous of the great entrepreneurs of Holland in those days – Isaac le Maire, Dirck van Os, Balthasar Moucheron, Baptist Oyens, Peter Lintgens, Willem Usselincx, Isaac Coymans, Johan van der Veken – were all 'Flemings'. It was they, far more than the native Hollanders, who initiated the sudden portent of Dutch prosperity.

If it was Flemings who built up the new prosperity of Holland, equally it was Flemings who, from Holland, formed the core of the Dutch 'Calvinist' entrepreneurs in the rest of Europe. The business life of Hamburg, we have seen, was ruled by Dutchmen; but these Dutchmen, we soon find, were largely Flemings. If thirty-two of the forty-two largest depositors in the Bank of Hamburg were Dutchmen, at least nineteen of these thirty-two were Flemings. Of the thirty-six families who controlled the Peninsular trade, which was the basis of Hamburg's spectacular fortune in the early seventeenth century, nearly two-thirds came from Antwerp, and the rest from Liège or the industrial Walloon country. In Sweden, de Geer, in Bohemia, de Witte,

might count as Dutchmen, but by birth the former was a Liégeois, the latter a Fleming from Antwerp. The most prosperous of the Netherlanders who went to Frankfurt were the Flemings. By 1600 they had a two-thirds' majority in its ruling oligarchy: it was they who, in the words of its historian, made the period 1585–1630 'Frankfurt's second golden age as a Belgian colony', 'the daughter town of Antwerp'. In Emden, trade was largely in the hands of Antwerpers. Wesel was known as 'Little Antwerp'. All along the Rhine it was entrepreneurs from Antwerp and from Liège who, bringing their refugee workmen with them, established first the cloth, then the extractive industries and thus created, for the Catholic natives, a new prosperity. Even in Calvin's Switzerland it was not Swiss Calvinists who created the new industries: for a whole century after Calvin there is not a single great Swiss entrepreneur. François Grenus, who flourished in the 1640s, was the first – if indeed he was a Swiss native and not a Walloon immigrant. The industry of Switzerland was created almost entirely by immigrants, the most spectacular of them, perhaps, being the converted Jew, Marcus Perez, who offered to make Basel the new economic centre at the cost of his abandoned home-town of Antwerp. In the Calvinist Palatinate it was the same. Even in Scotland, where the Calvinist clergy rigorously opposed any economic enterprise, it was Flemish immigrants who, in 1588, sought to establish that basis of modern capitalism, the cloth industry.

It would be easy to multiply the instances. The general pattern is clear. When Weber observed, as evidence for his thesis, that in Hamburg the oldest entrepreneurial family was a Calvinist not a Lutheran family, or when Slingsby Bethel recorded that it was 'the Reformed', not the Lutherans, who were the active businessmen in the North German cities with which he was familiar, they are merely recording the fact of the Dutch, or rather Flemish, dispersion. And although the men thus dispersed were largely Calvinists, they were not necessarily Calvinists. Their local origins were more constant than their religion. Thus the riches of all the refugees who came to Frankfurt were the so-called Martinists, the Lutherans of Antwerp: a dozen of them, we are told, could buy up all the Calvinists put together. At any time from 1580 the richest man in Frankfurt was probably a Lutheran – but a Lutheran from Antwerp. In Hamburg, too, some of the immigrant Dutch merchants were Lutherans, like the de Meyers and the Matthiesens. In Cologne the two greatest immigrant entrepreneurs, Nicolas de Groote and Georg Kesseler, were not Calvinists but Catholics; but they

came from Antwerp. Even in Calvinist Holland one of the greatest of the Flemish immigrants, Johan van der Veken, the entrepreneur of Rotterdam, was a Catholic – but a Catholic from Antwerp. Similarly, the founders of the new extractive industries were not necessarily Calvinists, but they were generally Liégeois. De Geer's father was a Catholic when he emigrated from Liège. The Biscayan iron industry was organized by that prince of Liégeois industrialists, Jean Curtius. The greatest pioneer of the extractive industry of the Rhineland, Jean Mariotte, was a Catholic – but a Catholic from Liège. Clearly all these men are more united by their Flemish or Liégeois origins than by their religious views.

Once this fact is established, new lines of enquiry soon present themselves. Instead of looking primarily at the religion of the entrepreneurs, we may look at their local origins. And once we do that – once we cease to look only at the Calvinists among them – we soon find that they are not confined to Flanders. Analysing the entrepreneurial class of the new 'capitalist' cities of the seventeenth century, we find that the whole class is predominantly formed of immigrants, and these immigrants, whatever their religion, come predominantly from four areas. First, there are the Flemings, by whose Calvinism Weber ultimately defended his thesis. Secondly, there are the Jews from Lisbon and Seville, whom Sombart set up as rivals to Weber's Calvinists. Thirdly, there are the South Germans, mainly from Augsburg. Fourthly, there are the Italians, mainly from Como, Locarno, Milan and Lucca. From place to place the proportions vary. In Hamburg and the Baltic, where they have been systematically studied by Mr Kellenbenz, the Flemings predominate, followed by the Jews. Geography and the old Spanish connexion easily explain this. In France we find a greater number of South Germans, who came through the branch offices of the great Augsburg family firms of the sixteenth century. Such were Barthélémy d'Herwarth, who came through Lyons, and the Catholic Eberhard Jabach, famous for his magnificent picture gallery, who came through Cologne. In Switzerland the Italians predominated: Turrettini, Duni, Balbani, Arnofini, Burlamacchi, Calandrini, Minutoli, Diodati, Appiani, Pellizari – these, not the local disciples of Calvin, were the first makers of modern Swiss prosperity; and they continued to make it, without much help from the bigoted natives, until they were replaced or reinforced by a new immigration: the immigration of the French Huguenots.

Antwerp, Liège, Lisbon, Augsburg, Milan, Lucca . . . we only have

to recite these names to see what has happened. These are great names in European economic history. On the eve of the Reformation they were the heirs of medieval capitalism, the promising starters of modern capitalism. For large-scale capitalism, before the industrial revolution, depended on long-distance trade and two great industries, cloth and minerals. In the Middle Ages, thanks to the long-distance trade of Italy, the cloth industry had been built up in Italy and its northern depot, Flanders. From the financial accumulation thus created, the capitalists of both Italy and Flanders had been able to mobilize the still more costly, but still more profitable extractive industry of Europe. By 1500 all the techniques of industrial capitalism were concentrated in a few cities strung along the old Rhineland route from Flanders to Italy. At one end was Antwerp, heir to Bruges and Ghent, commanding the old Flemish cloth industry and financing the extractive industry of Liège; at the other end were the Italian cities, the commercial and financial cities of Venice and Genoa, the industrial cities of Milan and Florence. To these had recently been added two new centres: Augsburg, whose cloth industry had raised the huge financial superstructure of the Fugger and other families and enabled them to rival even Antwerp, concentrating in their hands the extractive industry of central Europe; and Lisbon, the accidental capital of a new world-wide commercial empire, with possibilities of long-distance trade undreamed of before. These were the centres of European capitalism in 1500. In some way or other, between 1550 and 1620, most of these centres were convulsed, and the secret techniques of capitalism were carried away to other cities, to be applied in new lands.

This is not, of course, the German view. Marx, Weber, Sombart all believed that a new form of capitalism was created in the sixteenth century. Medieval production, they believed, was 'petty production' only. It was not till the Reformation, they believed, that large-scale industrial production was possible. Then Reformation, industrial capitalism and the economic rise of Protestant powers synchronized. After that it was easy to see causal connexions. But today few scholars believe in this sudden sixteenth-century break-through of industrial capitalism. We know too much about medieval Italian and Flemish capitalism. The enterprises of Benedetto Zaccaria in Genoa, of Roger de Boinebroke in Ghent, of the great cloth merchants and bankers in Florence, were as 'rational' in their methods, as 'bureaucratic' in their structure, as any modern capitalism, and if the founders of these medieval enterprises were sometimes outrageous characters – 'Jewish

adventurer capitalists' rather than 'worldly ascetics' – why, so (we now find) were the Calvinist de Geers and de Wittes of the seventeenth century. The idea that large-scale industrial capitalism was ideologically impossible before the Reformation is exploded by the simple fact that it existed. Until the invention of the steam engine, its scope may have been limited, but within that scope it probably reached its highest peak in the age of the Fugger. After that there were convulsions which caused the great capitalists to migrate, with their skills, and their workmen, to new centres. But there is no reason to suppose that these convulsions, whatever they were, created a new type of man or enabled a new type of capitalism to arise, impossible before. In fact the techniques of capitalism applied in Protestant countries were not new. The century from 1520 to 1620 is singularly barren in new processes. The techniques brought by the Flemings to Holland, Sweden, Denmark, by the Italians to Switzerland and Lyons, were the old techniques of medieval capitalism, as perfected on the eve of the Reformation, and applied to new areas.

H. R. TREVOR-ROPER,
'Religion, the Reformation and Social Change', in *Historical Studies*, IV pp. 19–29
Bowes & Bowes 1961

5 An Alternative Hypothesis: 'Penalization' and the Huguenots

WARREN C. SCOVILLE

The controversy has, for the most part, revolved round interpretations of Catholic and Protestant writers. At the same time, and only partly à propos *of the debate, a multitude of specialist studies has advanced our knowledge of economic history of the period 1400–1700. But one important line of enquiry has been neglected – an intensive study of the religious beliefs of the mercantile community, partly probably because the evidence is thin and difficult to interpret. Professor Trevor-Roper points out (see p. 30) that it was not necessary for merchants to be convinced and dedicated Calvinists for the Protestant ethic to transform the traditional social values. It is implicit*

in several contributions, however, that Calvinism did have a strong appeal to this section of the community.

By the seventeenth century 'state religion' had been established in all European countries except France, where a limited form of religious toleration prevailed between 1598 and 1685. Only in France, therefore, is it possible to investigate the religious affiliations of merchants in a situation which allowed them freedom of choice. The strength of religious conviction is another question, and one still unexplored.

At the outset, Protestantism appealed to Frenchmen in all social and economic classes: the intelligentsia and professional circles, the peasantry, the artisan and commercial groups in cities, and the nobility. There had been no indication that one group or another would eventually dominate the movement. . . .

Special interest centres on the Protestants who were members of the *bourgeoisie*. Most scholars have agreed that they dominated and typified seventeenth-century Protestantism. Girolano Venier, the Venetian ambassador at Paris, stated in his summary report in 1688 that 'the Protestants, having no hope of advancement at court or in the army, have chosen to reside in the provinces best adapted to trade, and had added greatly to the wealth of the kingdom by their industry, their financial operations, and their shipping . . . It is believed that two-thirds of the business of the country was in their hands.' A Huguenot magistrate at Toulouse in 1664 affirmed that 'nearly all trade of this country is in the hands of those of the Reputedly Reformed Religion'. The statesman Daguesseau likewise wrote that 'by an unhappy fate the Protestants were the most skillful artisans and the richest merchants in nearly all branches of the arts'. And Seignelay, as minister of the marine, deplored the fact that the directors of the great commercial companies were for the most part Protestant and ordinarily employed only members of their sect on their ships. If an astute observer had visited the great ports and cities throughout France at the time of the revocation, he probably would have arrived at a similar conclusion.

The Protestant merchants at Bordeaux and in some of the smaller communities in Guyenne were very influential. Bezons, as intendant in that area, reported on December 12, 1688, that several of them were apparently planning to flee:

> 'It would be very unfortunate for trade, considering its present state, if several of these merchants were to leave because it is they who have the

> most money and who are responsible for the greatest part of Bordeaux's commerce. I would have arrested one of them for having sold his household possessions had I not feared that such action would have destroyed trade entirely. Trade is very badly disrupted at present. New converts are practically the only individuals who undertake it, and their habits and background give them an advantage in carrying it on over all other merchants.'

Bezons's predecessor had complained four years earlier that Protestant brokers who had been ousted by royal order after 1680 still managed to control foreign trade at Bordeaux by using subservient Catholic middlemen as dummies and by capitalizing on their religion to obtain commissions from foreign buyers who were also Protestant. Seignelay was distressed to learn on September 18, 1685, that Huguenots owned and operated nearly all vessels plying between Bordeaux and the American isles. The same religious group practically monopolized the wine trade; occupied important positions in the markets for tobacco, oils, cheese, white lead, starch, and salt fish; figured prominently in the legal and other professions; more than held its own in various craft guilds, although outnumbered; and punished Catholics and new converts by black-listing and refusing to employ them.

La Rochelle, another important commercial centre, was one of the greatest Protestant strongholds. The Huguenots there owned and operated most of the boats engaged in coastwise trade, armed and supplied French warships based at neighbouring Rochefort and accounted for a third of all sailors and half of the 1,200 marine officers in the area. Bonrepaus, while intendant-general at the Rochefort arsenal, further confirmed the hegemony of Protestants in a letter to Seignelay on May 19, 1685:

> 'You know, Monseigneur, better than I that the trade of this country is in the hands of Religionists, and that we cannot take it from them at the present without causing it great harm because Catholics are not enterprising enough to take it over. The same may be said of shipping. The chief shipmasters are members of the Reputedly Reformed Religion and own most of the merchant vessels. These men do all in their power to keep Catholics from earning a living . . . I do not have to dissemble with you. These Religionists occupy the top rank in all places hereabout, and they view Catholics, and especially new converts, as miserable creatures whose standard of living makes them despicable.' . . .

In the three chief ports in Upper Normandy – Rouen, Le Havre and Dieppe – a good many Protestants were wealthy merchants. According to one zealous Catholic, Norman ports shortly before the revocation

were 'filled with Huguenots who, in sharp contrast with Catholic merchants, always receive the most valued and best commissions from businessmen in England, Holland, Germany, Denmark and Sweden'. The intendant accused several Protestant merchants at Rouen and Caen on January 26, 1685, of being responsible for a shortage of money in the area. According to him, they had recently become incensed over legal sanctions directed against their religion and had tightly closed their purses. These were the same individuals who a short time earlier had imported supplies from neighbouring regions when a local shortage of grain threatened famine. The intendant, however, reassured the controller-general that the money shortage would not endure very long because the men, after all, were 'merchants by profession who could not abstain from trade for very long'.

So many wealthy employers in Rouen were Protestant that religious disputes there often resembled an economic class struggle between a Catholic proletariat and a Protestant *bourgeoisie*. In a memorandum of February 15, 1683, an inhabitant of Rouen noted that only about a fifth of the population of Dieppe was Protestant. Yet this minority – 'richer than the others and . . . [with] nearly all trade within their hands' – dominated civic affairs by faithfully attending all public meetings and by skilfully using their wealth and economic power. New converts and regular Catholics sometimes had to sue Protestant employers in order to collect back wages. And as late as 1742 a frustrated Catholic merchant who had recently purchased a captaincy in the Norman militia to gain social and economic distinction complained bitterly that he had been cheated. All the colonels and other officers in his unit, he said, were of Huguenot extraction and steadfastly refused to recognize his rank or to consort with him . . .

It is difficult to evaluate the economic position of Huguenots in French society. A few contemporaries and later writers have argued that Protestants were not wealthier, more industrious and enterprising, or more successful in agriculture, finance, trade, or industry than the average Frenchman. Most spokesmen, like the nineteenth-century economist Sismondi, have taken the opposite viewpoint. Sismondi wrote: 'Since the best part of trade and industry of France was in the hands of Protestants, their houses in provincial cities were furnished with expensive items, and their stores were stocked with merchandise; all these riches, placed at the mercy of dragoons, were destroyed, and nothing contributed so much to the impoverishment of France.'

The impartial historian of the twentieth century must recognize that

Protestants who were well off financially, even though they may have constituted only a small percentage of the total, probably attracted the most attention from contemporary observers and government officials; their names were most often mentioned, and their economic position was most often noted, in the documents that have come down to the present day. Since the historian's knowledge of Huguenots largely depends upon extant records, and since the selective process determining which records would be preserved was itself biased, the possibility remains that government documents do not represent a reliable sample of relevant data. I believe, nevertheless, that the evidence as a whole strongly supports the view that the Huguenots exercised a greater influence on the French economy than their numbers would suggest.

A direct correlation, no matter how marked, does not in itself establish a casual connexion between two phenomena. The mere fact that Huguenots made a favourable showing in economic activity does not prove that Protestant ideology reinforced their economic drives or that Protestantism as a way of life conflicted with such drives less than Catholicism; but the high correlation of Protestantism and economic success has been taken by some scholars as presumptive evidence that some such casual connexion existed . . .

One of the chief problems for the present study is to explain why the Huguenots in France were so successful in economic matters, and whether the direct correlation between their religion and their success in business was mainly fortuitous or, instead, had a reasonable causal basis. The hypotheses mentioned above may provide some clues, although a case study of the Huguenots, based upon historical facts, can in itself neither refute nor substantiate such broad generalizations abstracted from the world of ideas. One cannot conclude, for example, that the impact of Protestantism upon capitalism in France was identical with or necessarily similar to the results observed elsewhere. If for no other reason, this would be true simply because the position of Huguenots in the seventeenth and eighteenth centuries was nowhere exactly duplicated. It is significant that Huguenots remained a small and in many respects a 'penalized' minority, and as such were forced into a role similar to that played by other penalized minorities, whether the basis for penalization was racial, social, religious, political or economic. Unlike some other Protestant groups, the Huguenots were part of a society that was determined to keep Catholicism as its official religion, a society whose ruler strongly opposed heresy for reasons

that did not always stem from personal religious piety. The mere fact that Calvinism differed in many ideological and practical ways from Anglicanism and Lutheranism, for example, would preclude identifying its effects on group and individual behaviour with the effects of Protestantism in the abstract. . . .

Even though Catholicism had long recognized the unusual circumstances under which the collection of interest was permissable, and even though numerous subterfuges had been devised for circumventing the Church's proscription under usual circumstances, Calvin's views to some extent liberalized the Christian's attitude towards lending. But to assess the effect of his views on Huguenot behaviour is an entirely different and far more difficult problem. Some writers have maintained that French Protestants showed less restraint than Catholics in lending at whatever rates of interest they could get, and contemporary documents provide abundant evidence that in some areas of the country they were, on net balance, creditors of their Catholic brethren. Some may argue, of course, that the approval of interest-taking itself led to the rise of a *rentier* class which was reluctant to engage in risky ventures conducted for profit and hence discouraged the development of the capitalist spirit. This does not seem to have been true. Calvinism, like Puritanism, became the gospel of hard work, thrift and temperance. In 1723, an exiled pastor, after advising the Huguenots who had remained behind in Languedoc to learn to live 'in temperance, justice and piety', urged them to give attention

> '. . . to the bad effects of intemperance, which weakens one's discernment, destroys health, [and] ruins families. Idleness is its mother. Be industrious and you will have neither the time nor the fancy to flatter your discernment with superfluities. Remember that you live in the presence of God, that virtues are your true glory, and you will not at all give yourselves over to all these vanities of which men of the world make their merit consist by reason of not having anything better.'

Despite the plausibility of postulating a casual relationship, either direct or indirect, between Calvinist doctrine (as interpreted by Calvin's disciples) and the highly successful economic activities of his followers in France, the fact remains that French Protestants constituted a 'penalized minority' throughout most of the seventeenth and eighteenth centuries and were conscious of the social and legal discriminations directed against them. This was a significant factor in their behaviour, perhaps more significant than the impact of Calvin's doctrines of predestination and man's calling, or than the support of his

teachings gave to individualism and the rationalization of economic activity, or even than his qualified approval of interest-taking. According to Arnold J. Toynbee, penalization may act as a very powerful stimulus to individual and group behaviour:

> 'The dominant race [or, here, the dominant majority] is apt to reserve certain avocations as its own exclusive preserves, and to impose upon the penalized race [here, the minority] the necessity of cultivating other fields of social activity if it is to find a living at all. The "reserved" occupations usually include all those which have high social prestige – the priesthood, the business of government, the ownership of land, the bearing of arms, and the civilian "liberal professions" – as well as the fundamental economic activity of Society, which has usually been agriculture in the social economies of societies in process of civilization down to recent times. By a process of exhaustion the penalized race [minority] is apt to find itself virtually confined to the field of trade and handicraft; and, just because the field is narrow, the penalized race [minority] is stimulated to make this field all its own and to conjure out of it, by a *tour de force* which fills the dominant race [majority] with astonishment and resentment, a harvest of wealth and power which this Naboth's vineyard would hardly have yielded to hands not debarred from other handiwork.'*

This idea did not originate with Toynbee. An old Spanish proverb declared that 'heresy promotes business spirit'; and Sir William Petty, in his *Political Arithmetic* (London, 1691), claimed that 'trade is more vigorously carried on, in every state and government by the heterodox part of the same; and such as profess opinions different from what are publicly established . . . and even in France itself, the Huguenots are, proportionately, far the greatest traders'. More recently, Emile-G. Léonard has expressed a similar belief: 'Each minority, each dissident group – because it tempers the character of its members, because it exalts their individual capacities, because it protects them from improvidence and expensive vices – in normal circumstances sets them on the road of economic and social achievement.'

If, as seems to be true, there is a general psychological and sociological principle that individuals or groups are led to tap little-used and unsuspected sources of power within themselves and to 'respond' vigorously when confronted with challenges like penalization, then it appears likely that those with strong spiritual beliefs, like the Huguenots, will have a better-than-average chance of attaining great success. The Huguenots who responded to the challenge of penalization by fleeing France found another stimulus in the strangeness of a new environment, but their assimilation into the society of their adopted countries

* A. J. TOYNBEE, *The Study of History*, Oxford University Press, 1934, vol. II, 217.

became more or less complete after several generations. By the nineteenth and twentieth centuries they no longer stood out from the rest of the population as captains of trade and industry. The Huguenots and their descendants who refused to flee continued to constitute an easily identifiable minority in France, and this helps to explain why French Protestants in the twentieth century still maintain an importance in the economy which is more than proportionate to their numbers. The degree of their 'penalization', however, has been greatly reduced since the eighteenth century, and concomitantly their relative superiority in finance, trade and industry has diminished.

The Persecution of Huguenots and French Economic Development 1680–1720
pp. 131–51
University of California Press 1960

Part Two
ECONOMIC ASPECTS

I

Capitalism : Problems of Definition

6 Interpretations of Capitalism

MAURICE DOBB

As having exercised a major influence on historical research and historical interpretation three separate meanings assigned to the notion of Capitalism stand out prominently in relief. While in some respects they overlap, each of them is associated with a distinctive view of the nature of historical development; each involves the drawing of rather different time-frontiers to the system; and each results in a different casual story of the origin of Capitalism and the growth of the modern world.

Firstly, and most widely familiar perhaps, is the meaning that has been popularized by the writings of Werner Sombart. Sombart has sought the essence of Capitalism, not in any one aspect of its economic anatomy or its physiology, but in the totality of those aspects as represented in the *geist* or *spirit* that has inspired the life of a whole epoch. This spirit is a synthesis of the spirit of enterprise or adventure with 'the bourgeois spirit' of calculation and rationality. Believing that 'at different times different economic attitudes have always reigned, and that it is this spirit which has created the suitable form for itself and thereby an economic organization', he sought the origin of Capitalism in the development of states of mind and human behaviour conducive to the existence of those economic forms and relationships which are characteristic of the modern world. 'At some time in the distant past the capitalist spirit must have been in existence – in embryo if you like – before any capitalist undertaking could become a reality.' The pre-capitalist man was 'a natural man' who conceived of economic activity as simply catering for his natural wants; and in pre-capitalist

times 'at the centre of all effort and all care stood living man: he is the measure of all things – *mensura omnium rerum homo*'. By contrast, the capitalist, 'root(ing) up the natural man' with his 'primitive and original outlook' and 'turn(ing) topsy-turvy all the values of life', sees the amassing of capital as the dominant motive of economic activity, and in an attitude of sober rationality and by the methods of precise quantitative calculation subordinates everything in life to this end. More simply Max Weber defined Capitalism as 'present wherever the industrial provision for the needs of a human group is carried out by the method of enterprise', and 'a rational capitalistic establishment' as 'one with capital accounting'; and he used the spirit of Capitalism 'to describe the attitude which seeks profit rationally and systematically'.

Secondly there is a meaning, more often found implicit in the treatment of historical material than explicitly formulated which virtually identifies Capitalism with the organization of production for a distant market. Whereas the regime of the early craft gild, where the craftsman sold his products retail in the town market, would presumably be excluded by this definition, Capitalism could be regarded as being present as soon as the acts of production and of retail sale came to be separated in space and time by the intervention of a wholesale merchant who advanced money for the purchase of wares with the object of subsequent sale at a profit. To a large extent this notion is a lineal descendant of the scheme of development employed by the German Historical School, with its primary distinction between the 'natural economy' of the medieval world and the 'money economy' that succeeded it, and its emphasis on the area of the market as defining the stages in the growth of the modern economic world. In the words of Bücher, the essential criterion is 'the relation which exists between the production and consumption of goods; or to be more exact, the length of the route which the goods traverse in passing from producer to consumer'. This is not uncommonly found in close conjunction with a definition of Capitalism as a system of economic activity that is dominated by a certain type of motive, the profit-motive; the existence in any period of a substantial number of persons who rely on the investment of money with the object of deriving an income, whether this investment be in trade or in usury or in production, being taken as evidence of the existence of an element of Capitalism. Thus we find Capitalism described by Professor Earl Hamilton, the historian of the sixteenth-century price-revolution, as 'the system in which wealth other than land is used for the definite purpose of securing an income';

while Pirenne seems to apply the term to any 'acquisitive' use of money, and declares that 'medieval sources place the existence of capitalism in the twelfth century beyond a doubt'. When this notion is married to that of Capitalism as a commercial system – as production for the market – we have the kind of definition that we find used by Professor Nussbaum: 'a system of exchange economy' in which the 'orienting principle of economic activity is unrestricted profit' (to which, however, he adds as an additional characteristic that such a system is marked by a differentiation of the population into 'owners and property-less workers'). The tendency of those who give this emphasis to the term is to seek the origins of Capitalism in the first encroachments of specifically commercial dealings upon the narrow economic horizons and the supposedly 'natural economy' of the medieval world, and to mark the main stages in the growth of Capitalism according to stages in the widening of the market or to the changing forms of investment and business enterprise with which this widening was associated. In many respects this notion has affinity with Sombart's, and overlaps with the latter; but the focus of its attention remains substantially different.

Thirdly, we have the meaning originally given by Marx, who sought the essence of Capitalism neither in a spirit of enterprise nor in the use of money to finance a series of exchange transactions with the object of gain, but in a particular mode of production. By mode of production he did not refer merely to the state of technique – to what he termed the state of the productive forces – but to the way in which the means of production were owned and to the social relations between men which resulted from their connexions with the process of production. Thus Capitalism was not simply a system of production for the market – a system of commodity-production as Marx termed it – but a system under which labour-power had 'itself become a commodity' and was bought and sold on the market like any other object of exchange. Its historical prerequisite was the concentration of ownership of the means of production in the hands of a class, consisting of only a minor section of society, and the consequential emergence of a propertyless class for whom the sale of their labour-power was their only source of livelihood. Productive activity was furnished, accordingly, by the latter, not by virtue of legal compulsion, but on the basis of a wage-contract. It is clear that such a definition excludes the system of independent handicraft production where the craftsman owned his own petty implements of production and undertook the sale of his

own wares. Here there was no divorce between ownership and work; and except where he relied to any extent on the employment of journeymen, it was the purchase and sale of inanimate wares and not of human labour-power that was his primary concern. What differentiates the use of this definition from others is that the existence of trade and of money-lending and the presence of a specialized class of merchants or financiers, even though they be men of substance, does not suffice to constitute a capitalist society. Men of capital, however acquisitive, are not enough: their capital must be used to yoke labour to the creation of surplus-value in production.

It is not our purpose here to debate the merits of rival definitions: merely to make clear that in the studies which follow the last of these three senses is the one in which Capitalism will be used, and to underline some of the implications of using the term in this way. The justification of any definition must ultimately rest on its successful employment in illuminating the actual process of historical development: on the extent to which it gives a shape to our picture of the process corresponding to the contours which the historical landscape proves to have. As our ground for rejecting the other two of this trio of familiar meanings the following all-too-cursory observations must suffice.

Both Sombart's conception of the capitalist spirit and a conception of Capitalism as primarily a *commercial* system share the defect, in common with conceptions which focus attention on the fact of acquisitive investment of money, that they are insufficiently restrictive to confine the term to any one epoch of history, and that they seem to lead inexorably to the conclusion that nearly all periods of history have been capitalist, at least in some degree. As our knowledge of earlier economic societies has increased, the tendency on the part of those who give such meanings to the term has been to extend the boundaries of Capitalism further back in time. It is now realized that money dealings and production for a market were much more common in medieval times than used to be supposed. As Brentano remarked, the Fourth Crusade already disclosed 'a very orgy of Capitalism' in this sense of the word. And as our knowledge of the economic conditions of the ancient world extends, evidence accumulates to show that, on such definitions, the presence of Capitalism cannot be denied even in classical Greece and Rome. The acquisitive use of money is not exclusively modern. The purchase of slaves in antiquity was presumably an 'acquisitive' employment of money as much as is the hire

of wage-earners today. The classical world had its usurers, and *lucri rabies* was not a sin unknown to the medieval world. If both are to be regarded as capitalist societies, one has to conclude that any search for the origins of the system within the confines of the last eight centuries is useless, and that Capitalism must have been present intermittently throughout most of recorded history. What we clearly need, however, is a definition to describe the distinctive economic institutions of the modern world of recent centuries; and what cannot do this is useless for the purpose that most people intend.

The further difficulty attaches to the idealist conception of Sombart and Weber and their school, that if Capitalism as an economic form is the creation of the capitalist spirit, the genesis of the latter must first of all be accounted for before the origin of Capitalism can be explained. If this capitalist spirit is itself an historical product, what caused its appearance on the historical stage? To this riddle no very satisfactory answer has been propounded to date, other than the accidental coincidence in time of various states of mind, which conveniently fused in a marriage of enterprise and rationality to form the *élan vital* of a capitalist age. The search for a cause has led to the unsatisfactory and inconclusive debate as to whether it be true that Protestantism begat the capitalist spirit (as Weber and Troeltsch have claimed); and there seems to be scarcely more reason to regard Capitalism as the child of the Reformation than to hold, with Sombart, that it was largely the creation of the Jews. Nor is this difficulty of tracing back the *causae causantes* one which also attaches, *mutatis mutandis*, as is sometimes supposed, to an explanation of capitalist origins that runs in purely economic terms. While it is true that behind any economic change one has to look for some human action, the action which initiates the crucial change may be inspired by an intention which is quite alien to the final outcome, and hence be a simple product of the preceding situation; whereas, if the emergence of a new economic system is to be explained in terms of an *idea*, this idea must embody 'in embryo' the essence of the future system in advance; and the emergence full-grown of the idea of that system, before and in the absence of the system itself, has to be explained.

On the other hand, it is clear that, as our knowledge has been enriched by the extension of research into modern economic history in the last few decades, the definition of Capitalism in actual use in historiography has moved increasingly towards that which was first adopted and developed by Marx. Emphasis has increasingly come to

be placed on the emergence of a new type of class differentiation between capitalist and proletarian rather than on profit as a motive of economic activity; and attention has increasingly been focused upon the appearance of a relationship between producer and capitalist, analogous to the employment relation between master and wage-earner in the fully matured industrial system of the nineteenth century. On the whole it seems more likely that this is because the material which research has disclosed has forced this emphasis upon the attention of historians in their search for the essential differentia of the modern age, than because they have been predisposed towards it by the writings of Marx. Thus, Mr Lipson, in claiming that the essentials of Capitalism were present some centuries before the Industrial Revolution, states that 'the fundamental feature of capitalism is the wage-system under which the worker has no right of ownership in the wares which he manufactures: he sells not the fruits of his labour but the labour itself – a distinction of vital economic significance'. Even Cunningham came close to this standpoint when he said that 'the distinguishing feature of capitalist organization of industry is the possession of the materials by the employer, who engages the workman and pays his wages; he subsequently makes a profit by the sale of the goods', adding that 'the intrusion of capital may not make much apparent change in the conditions under which the work is done, but it makes a tremendous change in the personal relations of the workman to his fellowmen when he is reduced to a position of dependence'. He did not, however, confine the term Capitalism to a particular organization of industry, but gave it a wider, and commercial definition as 'a phase when the possession of capital and the habit of pushing trade have become dominant in all the institutions of society'.

Studies in the Development of Capitalism
pp. 4–11
Routledge & Kegan Paul 1963

II

Economic Progress 1400–1700

Marx initiated the study of the history of capitalism. He held it to be an inevitable though passing phase in the history of mankind. Just as capitalism had evolved from feudal society, so the ultimate classless society would replace the capitalist society. These theories demanded historical illustration. Earlier historians had noted the commercial expansion of the sixteenth and seventeenth centuries, stressing the impact of the Discoveries of the New World, and a sea route to the East Indies on international trade, but before Marx no specialist study of economic history existed. Marx took over and elaborated these views, giving a much fuller account of the changes, and introducing additional factors, such as the rise of the bourgeoisie and the decay of feudal society. His knowledge of economic history was remarkable, considering the lack of specialist studies and the paucity of printed records.

It would be an oversimplification, however, to attribute the late nineteenth-century interest in economic history solely to the influence of Marx. Men were strongly conscious of living in an industrial society, very different from all previous human societies. At the same time materialism developed as a compliment, if not a rival, to established religious beliefs. The economic interpretation of history was professed by many non-Marxists.

While it would be an exaggeration to contend that the economic history of the Middle Ages was neglected, most research was upon the Industrial Revolution and the sixteenth and seventeenth centuries. This concentration on later periods explains the longevity of the traditional views restated by Marx, that from the late fifteenth century Europe experienced rapid economic expansion. Gradually more and more information accumulated about the earlier period which proved that many practices believed to be new after the fifteenth century were

actually medieval in origin, such as double-entry book-keeping and marine insurance. Sombart, in a famous phrase, had dismissed the volume of medieval trade as negligible, commenting that a couple of modern goods trains could easily carry the total volume of wares transported over the Alps. It remains true that by modern standards the volume was tiny, but by these standards the volume was still tiny at the beginning of the eighteenth century. Earlier ideas that the Middle Ages were a time of a primitive economy, almost a natural economy, have been effectively dispelled by accounts of medieval banking and credit facilities. On the other hand, as Professor Heers points out (p. 65), such relatively sophisticated methods were not universal, and certain parts of Europe were economically very underdeveloped.

It would be an exaggerated reaction to the old views to assert that the Middle Ages constituted a time of great commercial and financial activity. Agriculture long remained the largest and most important industry; regional markets were much more typical than the rare international trade fairs; except in North Italy, the Low Countries and certain parts of Germany, towns were small; the gild system predominated, although gild control and its anti-individualism were less constricting than early writers believed. By modern standards Europe was an underdeveloped region, and it remained so until well into the eighteenth century, and even later in some countries.

Historians no longer find a significant shift in economic history in the late fifteenth century, at least with regard to business methods and institutions. It may well be the case that at this time a long European depression ended and that an expansionist period began, but no significant inventions took place in the sixteenth century. Rather the advanced methods of Italy and the Low Countries spread to Spain, England, France and elsewhere. Changes and developments there were, such as the first joint-stock company venture in England in 1555, but, for the most part, such improvements were refinements or adaptations of earlier practices.

The phrase the 'Commercial Revolution' of the sixteenth and seventeenth centuries has been employed to describe a period of considerable expansion in international trade, stimulated to some extent by new markets in the Far East and the New World. This expansion certainly had repercussions not only on the economies of the main trading nations, but also on their social structure. Nevertheless, the very limited role occupied by trade and small-scale industry in the seven-

teenth century obliges us to consider this period as one becoming 'capitalistic' rather than one already 'capitalistic'. The extent to which social attitudes were significantly transformed by economic progress in the seventeenth century remains controversial. Among recent historians C. Hill (in *Society and Puritanism in Seventeenth Century England*, 1964) and Professor C. B. Macpherson (*The Political Theory of Possessive Individualism*, 1962) have placed much emphasis on the far reaching effects of new 'capitalist' attitudes, not only on social structure but also political theory and political life.

The fact which most impressed itself on Weber was that in the sixteenth and seventeenth centuries the Protestant countries of northern Europe set the pace in this economic expansion, and took over the economic ascendancy which Italy had enjoyed during the Middle Ages. Certainly the new great economic powers were England and the United Provinces. Amsterdam and London became the financial capitals of Europe and the Protestant Huguenots dominated the commercial and financial life of France. But Weber's critics, while agreeing that Protestant countries were conspicuously successful, argue that the prosperity of seventeenth-century Holland and England dated back far into the past. Dutch and English success did not suddenly begin after the Reformation. The Low Countries had been the most flourishing region in northern Europe in the later Middle Ages, and recent investigations of English overseas trade show a rapidly increasing volume of exports from the time of Henry VII (1485–1509). Weber, however, would reject the view that modern knowledge of medieval trade and business prove that modern capitalism dated from the Middle Ages. He knew something of medieval business methods, because his doctrinal thesis had been in this field. He emphasized the spirit, not the forms of capitalism, and he had pointed out in later writings that it was quite possible for capitalistic forms to antedate the all-important spirit. Statistics are irrelevant for his line of argument.

It is still hotly debated as to what extent commercial expansion was continuous in the sixteenth and seventeenth centuries, and how far wars, plague and demographic trends caused local or general depressions after the mid-sixteenth century. Certainly, as Professor H. Hauser establishes (No. 10), this was a time when government finance became more sophisticated and financial skills much more widespread, but few historians have followed Professor John Nef in finding an 'industrial revolution' in England between 1540 and 1640. The ancient view that the Industrial Revolution, which had far greater economic, social and

political effects than the revival of commerce and trade, began in eighteenth-century England still prevails. Debate goes on about the precise dating of the period of 'take-off', and much more is known about the necessary preliminary developments in the seventeenth century, but no reputable historian has tried to push the beginning of the Industrial Revolution proper much further back than the mid-eighteenth century.

7 The Origins of Capitalism

KARL MARX

The rapid rise of manufactures, particularly in England, absorbed them [*the increasing number of vagrants*] gradually. With the advent of manufactures, the various nations entered into a competitive relationship, the struggle for trade, which was fought out in wars, protective duties and prohibitions, whereas earlier the nations in so far as they were connected at all, had carried on an inoffensive exchange with each other. Trade from now on had a political significance.

With manufacture was given simultaneously a changed relationship between worker and employer. In the gilds the patriarchal relationship between journeyman and master maintained itself; in manufacture its place was taken by the monetary relation between worker and capitalist – a relationship which in the countryside and in small towns retained a patriarchal tinge, but in the larger, the real manufacturing towns, quite early lost almost all patriarchal complexion.

Manufacture and the movement of production in general received an enormous impetus through the extension of commerce which came with the discovery of America and the sea route to the East Indies. The new products imported thence, particularly the masses of gold and silver which came into production and totally changed the position of the classes towards one another, dealing a hard blow to feudal landed property and to the workers; the expedition of adventurers, colonization; and above all the extension of markets into a world market, which had now become possible and was daily becoming more and more a fact, called forth a new phase of historical development, into which in general we cannot here enter further. Through the colonization of the newly discovered countries the commercial struggle of the

nations among one another was given new fuel and accordingly greater extension and animosity.

The expansion of trade and manufacture accelerated the accumulation of movable capital, while in the gilds, which were not stimulated to extend their production, natural capital remained stationary or even declined. Trade and manufacture created the big bourgeoisie, in the gilds was concentrated the petty bourgeoisie, which no longer dominated the towns as formerly, but had to bow to the might of the great merchants and manufacturers. Hence the decline of the gilds, as soon as they came into contact with manufacture.

The material, commercial relations of nations took on, in the epoch of which we have been speaking, two different forms. At first the small quantity of gold and silver in circulation involved the ban on the export of these metals; and industry, for the most part, imported from abroad and made necessary by the need for employing the growing urban population, could not do without these privileges which could be granted not only, of course, against home competition, but chiefly against foreign. The local gild privilege was in these original prohibitions extended over the whole nation. Customs dues originated from the tributes exacted by the feudal lords from merchants passing through their territories, tributes later imposed likewise by the towns, and which, with the rise of the modern states, were the treasury's most obvious means of raising money. The appearance of American gold and silver on the European markets, the gradual development of industry, the rapid expansion of trade and the consequent rise of the non-bourgeoisie and of money, gave these measures another significance. The State, which was daily less and less able to do without money, now retained the ban on the export of gold and silver, out of fiscal considerations; the bourgeoisie, who had as their chief object the cornering of these masses of money which were hurled on to the market, were thoroughly content with this; privileges established earlier became a source of income for the government and were sold for money; in the customs legislations there appeared the export duty which, since it only placed a hindrance in the way of industry, had a purely fiscal aim.

K. MARX and F. ENGELS
The German Ideology
Marxist Library, vol. IV, pp. 51–4
International Publishers Incorporated, New York 1939

8 The Economic Revolution

R. H. TAWNEY

For it was the mastery of man over his environment which heralded the dawn of the new age, and it was in the stress of expanding economic energies that this mastery was proved and won. Like sovereignty in a feudal society, the economic efforts of the Middle Ages, except in a few favoured spots, had been fragmentary and decentralized. Now the scattered raiders were to be organized and disciplined; the dispersed and irregular skirmishes were to be merged in a grand struggle, on a front which stretched from the Baltic to the Ganges, and from the Spice Islands to Peru. Every year brought the news of fresh triumphs. The general who marshalled the host and launched the attack was economic power.

Economic power, long at home in Italy, was leaking through a thousand creeks and inlets into western Europe for a century before; with the climax of the great Discoveries, the flood came on breast-high. Whatever its truth as a judgment on the politics of the fifteenth century, the conventional verdict on its futility does scanty justice to its economic significance. It was in an age of political anarchy that the forces destined to dominate the future tried their wings. The era of Columbus and Da Gama was prepared by the patient labour of Italian cartographers and Portuguese seamen, as certainly as was that of Crompton and Watt by the obscure experiments of nameless predecessors.

The master who set the problem that the heroes of the age were to solve was material necessity. The Europe of the earlier Middle Ages, like the world of the twentieth century, had been a closed circle. But it had been closed, not by the growth of knowledge, but by the continuance of ignorance; and, while the latter, having drawn the whole globe into a single economic system, had no space left for fresh expansion, for the former, with the Mediterranean as its immemorial pivot, expansion had hardly begun. Tapping the wealth of the East by way of the narrow apertures in the Levant, it resembled, in the rigidity of the limits imposed on its commercial strategy, a giant fed through the chinks of a wall.

As was the general scheme, so were the details. Inelastic in its external, Europe was hardly more flexible in its internal, relations. Its primary unit had been the village; and the village, a community of

agrarian shareholders fortified by custom, had repressed with a fury of virtuous unanimity the disorderly appetites which menaced its traditional routine with the evil whose name is Change. Beyond the village lay the greater, more privileged, village called the borough, and the brethren of borough and gild had turned on the foreign devil from upland and valley a face of flint. Above both were the slowly waking nations. Nationalism was an economic force before nationality was a political fact, and it was a sound reason for harrying a competitor that he was a Florentine or a man of the Emperor. The privileged colony with its depot, the Steelyard of the Hanseatic League, the Fondaco Tedesco of the South Germans, the Factory of the English Merchant Adventurers, were but tiny breaches in a wall of economic exclusiveness. Trade, as in modern Turkey or China, was carried on under capitulations.

This narrow framework had been a home. In the fifteenth century it was felt to be a prison. Expanding energies pressed against the walls; restless appetites gnawed and fretted wherever a crack in the surface offered room for erosion. Long before the southward march of the Turks cut the last of the great routes from the East, the Venetian monopoly was felt to be intolerable. Long before the plunder of Mexico and the silver of Potosi flooded Europe with treasure, the mines of Germany and the Tyrol were yielding increasing, if still slender, streams of bullion, which stimulated rather than allayed its thirst. It was not the lords of great estates, but eager and prosperous peasants, who in England first nibbled at commons and undermined the manorial custom, behind which, as behind a dyke, their small savings had been accumulated. It was not great capitalists, but enterprising gildsmen, who began to make the control of the fraternity the basis of a system of plutocratic exploitation, or who fled, precocious individualists, from the fellowship of borough and craft, that they might grow to what stature they pleased in rural isolation. It was not even the Discoveries which first began the enormous tilt of economic power from south and east to north and west. The records of German and English trade suggest that the powers of northern Europe had for a century before the Discoveries been growing in wealth and civilization, and for a century after them English economic development was to be as closely wedded to its continental connexions, as though Diaz had never rounded the Cape, nor Columbus praised Heaven for leading him to the shores of Zayton and Guinsay. First attempted as a counterpoise to the Italian monopolist, then pressed home with ever greater

eagerness to turn the flank of the Turk, as his stranglehold on the eastern commerce tightened, the Discoveries were neither a happy accident nor the fruit of the disinterested curiosity of science. They were the climax of almost a century of patient economic effort. They were as practical in their motive as the steam-engine.

The result was not the less sensational because it had been long prepared. Heralded by an economic revolution not less profound than that of three centuries later, the new world of the sixteenth century took its character from the outburst of economic energy in which it had been born. Like the nineteenth century, it saw a swift increase in wealth and an impressive expansion of trade, a concentration of financial power on a scale unknown before, the rise, amid fierce social convulsions, of new classes and the depression of old, the triumph of a new culture and system of ideas amid struggles not less bitter.

It was an age of economic, not less than of political sensations, which were recorded in the letter-books of businessmen as well as in the state papers of Governments. The decline of Venice and of the south German cities which had distributed the products that Venice imported, and which henceforth must either be marooned far from the new trade routes or break out to the sea, as some of them did, by way of the Low Countries; the new economic imperialism of Portugal and Spain; the outbursts of capitalist enterprise in mining and textiles; the rise of commercial companies, no longer local but international, and based, not merely on exclusive privileges, but on the power of massed capital to drive from the field all feebler competitors; a revolution in prices which shattered all customary relationships; the collapse of medieval rural society in a nightmare of peasants' wars; the subjection of the collegiate industrial organization of the Middle Ages to a new money-power; the triumph of the State and its conquest, in great parts of Europe, of the Church – all were crowded into less than two generations. A man who was born when the Council of Basel was sitting saw also, if he lived to a ripe old age, the dissolution of the English monasteries. At the first date Portuguese explorers had hardly passed Sierra Leone; at the second Portugal had been master of an Indian Empire for almost a generation. In the intervening three-quarters of a century the whole framework of European civilization had been transformed. . . .

Portugal and Spain held the keys of the treasure-house of East and West. But it was neither Portugal, with her tiny population, and her

empire that was little more than a line of forts and factories 10,000 miles long, nor Spain, for centuries an army on the march and now staggering beneath the responsibilities of her vast and scattered empire, devout to fanaticism, and with an incapacity for economic affairs which seemed almost inspired, who reaped the material harvest of the empires into which they had stepped, the one by patient toil, the other by luck. Gathering spoils which they could not retain, and amassing wealth which slipped through their fingers, they were little more than the political agents of minds more astute and characters better versed in the arts of peace. Every period and society has some particular centre, or institution, or social class, in which the characteristic qualities of its genius seem to be fixed and embodied. In the Europe of the early Renaissance the heart of the movement had been Italy. In the Europe of the Reformation it was the Low Countries. The economic capital of the new civilization was Antwerp. The institution which best symbolized its eager economic energies was the international money-market and produce-exchange. Its typical figure, the paymaster of princes, was the international financier.

Before it was poisoned by persecution, revolution, and war, the spirit of the Netherlands found its purest incarnation in Erasmus, a prophet without sackcloth and a reformer untouched by heat or fury, to the universal internationalism of whose crystal spirit the boundaries of States were a pattern scrawled to amuse the childish malice of princes. Of that cosmopolitan country, destined to be the refuge of the international idea when outlawed by every other power in Europe, Antwerp, 'a home common to all nations', was the most cosmopolitan city. Made famous as a centre of learning by Plantin's press, the metropolis of painting in a country where painting was almost a national industry, it was at once the shrine to which masters like Cranach, Dürer and Holbein made their pilgrimage of devotion, and an asylum which offered to the refugees of less happy countries a haven as yet undisturbed by any systematic campaign to stamp out heresy. In the exuberance of its intellectual life, as in the glitter of its material prosperity, the thinker and the reformer found a spiritual home, where the energies of the new age seemed gathered for a bound into that land of happiness and dreams, for the scene of which More, who knew his Europe, chose as the least incredible setting the garden of his lodgings at Antwerp.

The economic pre-eminence of Antwerp owed much to the industrial region behind it, from which the woollens and worsteds of

Valenciennes and Tournai, the tapestries of Brussels and Oudenarde, the iron of Namur, and the munitions of the Black Country round Liège, poured in an unceasing stream on to its quays. But Antwerp was a European, rather than a Flemish metropolis. Long the competitor of Bruges for the reception of the two great currents of trade from the Mediterranean and the Baltic, which met in the Low Countries, by the last quarter of the fifteenth century she had crushed her rival. The Hanse League maintained a depot at Antwerp; Italian banking firms in increasing numbers opened businesses there; the English Merchant Adventurers made it the entrepôt through which English cloth, long its principal import, was distributed to northern Europe; the copper market moved from Venice to Antwerp in the nineties. Then came the great Discoveries, and Antwerp, the first city to tap the wealth, not of an inland sea, but of the ocean, stepped into a position of unchallenged pre-eminence almost unique in European history. The long sea-roads which ran east and west met and ended in its harbours. The Portuguese Government made it in 1503 the depot of the Eastern spice trade. From the accession of Charles V it was the commercial capital of the Spanish Empire, and, in spite of protests that the precious metals were leaving Spain, the market for American silver. Commerce, with its demand for cheap and easy credit, brought finance in its train. The commercial companies and banking houses of south Germany turned from the dwindling trade across the Alps, to make Antwerp the base for financial operations of unexampled magnitude and complexity.

In such an economic forcing-house, new philosophies of society, like new religious creeds, found a congenial soil. Professor Pirenne has contrasted the outlook of the medieval middle class, intent on the conservation of corporate and local privileges, with that of the new plutocracy of the sixteenth century, with its international ramifications, its independence of merely local interests, its triumphant vindication of the power of the capitalist to dispense with the artificial protection of gild and borough and carve his own career. 'No one can deny,' wrote the foreign merchants at Antwerp to Philip II, in protest against an attempt to interfere with the liberty of exchange transactions, 'that the cause of the prosperity of this city is the freedom granted to those who trade there.' Swept into wealth on the crest of a wave of swiftly expanding enterprise, which a century before would have seemed the wildest of fantasies, the liberal *bourgeoisie* of Antwerp pursued, in the teeth of all precedents, a policy of practical individualism, which would have been met in any other city by rebellion,

making terms with the levelling encroachments of the Burgundian monarchy, which were fought by their more conservative neighbours, lowering tariffs and extinguishing private tolls, welcoming the technical improvements which elsewhere were resisted, taming the turbulent independence of the gilds, and throwing open to alien and citizen alike the new Exchange, with its significant dedication: *Ad usum mercatorum cuiusque gentis ac linguae.*

For, if Antwerp was the microcosm which reflected the soul of commercial Europe, the heart of Antwerp was its Bourse. One cause which made financial capitalism so characteristic of the age of the Renaissance as industrial capitalism was to be of the nineteenth century consisted in the mere expansion in the scale of commercial enterprise. A steady flow of capital was needed to finance the movement of the produce handled on the world-market, such as the eastern spice crop – above all pepper, which the impecunious Portuguese Government sold in bulk, while it was still on the water, to German syndicates – copper, alum, the precious metals and the cloth shipped by the English Merchant Adventurers. The cheapening of bullion and the rise in prices swelled the profits seeking investment; the growth of an international banking system mobilized immense resources at the strategic points; and, since Antwerp was the capital of the European money-market, the bill on Antwerp was the commonest form of international currency. Linked to each other by the presence in each of the great financial houses of the Continent, with liquid funds pouring in from mines in Hungary and the Tyrol, trading ventures in the East, taxes wrung from Spanish peasants, speculations on the part of financiers, and savings invested by the general public, Antwerp, Lyons, Frankfurt and Venice, and, in the second rank, Rouen, Paris, Strasbourg, Seville and London, had developed by the middle of the century a considerable class of financial specialists, and a financial technique identical, in all essentials, with that of the present day. They formed together the departments of an international clearing-house, where bills could be readily discounted, drafts on any important city could be obtained, and the paper of merchants of almost every nationality changed hands.

Religion and the Rise of Capitalism
pp. 77–85
Penguin 1961

9 A Modern View of Late Medieval Capitalism

J. HEERS

THE CAPITALIST MERCHANT

This examination of the techniques and the shape of the economy allows one to maintain that the capitalist era had begun by at least the fifteenth century: negotiable bills, bills of exchange, paper money and bank notes testify to new attitudes of mind and new needs. Even more significant is the role of the capitalist. The German or Italian businessman is, above all, a capitalist in the modern sense of the word. He eschews specialization and concerns himself in the business of his own town whose banking, commerce and industry he controls, and whose workmen he pays. The merchant is a free man to act as he will, in contrast to the narrowly specialized artisan. Even if he is subject to the authority of an all-powerful State, as in Venice, no field of activity is barred to him. At this period ecclesiastical condemnations are easily surmountable obstacles.

The merchant, the great merchant, has fully evolved in every respect. We are now far removed from the traveller who accompanies his goods all over the world, and even from the man who had been concerned only with his own business affairs, supervising his enterprises and feverishly awaiting the arrival of his ships. This does not signify some kind of debasement or a lack of the spirit of risk and enterprise, but a new mentality and a new way of running business, by money. This is another technique, more difficult and more dangerous which quite clearly little by little separates the wholesale merchant or banker from the world of actual commerce and work. The fifteenth-century businessman is above all the manager of money, not the head of enterprises. Opportunities for investment are very varied: loans of all kinds, marine insurance, shares in the public debts, part-ownership of ships or of different companies. Also large towns have a real exchange of transferable bonds. The great merchant, therefore, invests a little of his money everywhere, not necessarily taking part in the administration of his business, but waiting for his distribution of profits. His main concern is also to know when to buy and sell his different securities, we could even call them his shares; sometimes such operations are true speculations.

DIFFERENT TECHNICAL STANDARDS

But is this kind of businessman general? Does everyone know about these new techniques, or only an *élite*, a business aristocracy? There is no doubt that it is more important to discover how far certain improvements had penetrated among different classes than to search for exceptional innovations.

In the large Italian towns, and probably in Mediterranean Spain, these new techniques are widespread. The bill of exchange, even endorsement, the cheque, exchange operations and company shares are the concern not just of a small group of financiers, but also of small merchants, retailers, lawyers, workmen, salaried employees, religion and country folk. All classes and all professions benefit from such progress.

The astonishing difference between certain towns is, however, most striking. In contrast to the Italian towns, and English and Flemish ports, where a market in money, credit transactions and many forms of loan are common, are other countries which exhibit considerable backwardness. This is the case in France, on the Atlantic coast, in Paris and even in Marseilles, where in the fifteenth century marine insurance is rare and where the bill of exchange is an unusual instrument, often negotiable in Genoa. The primitive character of such techniques was usually accompanied by great weakness in financial practices. In Toulouse, where a sort of joint-stock company controlled the mills on the river Garonne, the contracts of business companies suggest ridiculously small amounts, when one thinks of German and Italian companies.

Even in towns with a large Italian colony it seems that they remained isolated, and the inhabitants learnt little through contact with them. The same can be said in this respect about the branches of the Hanse in north European towns. Europe is far from forming a single world. Towns in western Europe exist at very different levels of technical knowledge; some remain very backward, remote from recent improvements. A weaver from Genoa or Florence is far better at keeping his accounts and papers than a merchant from Paris or Nantes. The West is thus a veritable mosaic of very unequal pieces. This diversity, these contrasts, are to be found in urban life, in society, and even in the appearance of the towns.

L'Occident au XIV^e–XV^e Siecles
pp. 188–90
Presses Universitaires de France, Paris 1963

10 A New Economy

HENRI HAUSER

Professor Henri Hauser (1866–1946) expresses the view that the sixteenth century was a decisive period in the history of finance, a thesis first elaborated by Richard Ehrenberg (1857–1921) in Das Zeitalter der Fugger *in 1896, a pioneering and still important study. Recently certain historians have contended that such an emphasis is misplaced. The crucial financial techniques, such as credit, banking and book-keeping, had been developed in earlier centuries. Nevertheless, it is true that such techniques did become more generally used in the sixteenth century, and that government finance in France, Spain and the Low Countries took on a new complexity, permitting the rapid expansion of opportunities to make great fortunes as royal financiers. Great international bankers, like the Fuggers or Hochstetter, remained exceptional, however, and, as Professor Supple points out, they were not new figures.*

This modern emphasis illustrates a general reaction to the old view of the sixteenth century as a real turning point in economic history. Currently a more evolutionary interpretation is favoured, which sees the sixteenth century as a period of revived economic expansion after a late medieval depression. It is no longer seen as a period of unprecedented change when the old feudal natural economy was dramatically swept away by the expansion of trade and commerce which followed the discovery of the New World and a sea route to the East Indies.

If there is one field in which the sixteenth century really inaugurates the modern age, it is, quite clearly, that of economic life and ideas.

At the end of the fifteenth century and during the first half of the sixteenth century an unprecedentedly large economic revolution took place. The late lamented Sir William Ashley admirably characterized it as 'the economic gospel of what we call the individualism of the Renaissance'.

It is impossible to reveal this revolution in a few pages. All that we can do is to distinguish the essential characteristics.

A revolution that was, perhaps, even deeper than the others, because it transformed the material conditions of life.

Is it necessary, however, to speak of the 'birth of capitalism'? Nothing is born in history. Karl Marx, having written his famous

sentence 'the world commerce and world market inaugurated the modern biography of capitalism in the sixteenth century', corrected the exaggeration by adding, 'the first beginnings of capitalist production are already apparent in a sporadic fashion in some Mediterranean towns in the fourteenth and fifteenth centuries'. That was still not strong enough. Henri Pirenne has shown, especially in his brief masterpiece *The Town in the Middle Ages*, that the great Flemish communes were not inferior to the Italian cities. But at the end of the fifteenth century the movement becomes general and the 'capitalist era' begins.

Sombart wished to deny it. He mocked the feeble volume of cargo carried in the galleys and carvels, and compared it to the tens of thousands of tons carried in the holds of a single one of our modern leviathans. An easy joke. What really matters is the relationship between the commercial trends of the age and those of earlier periods, and the abrupt break in equilibrium that accompanied and followed the discovery of new worlds.

Projecting Ricardo's theory into the past, Sombart wanted to explain everything, and above all the enrichment of the middle class, by the surplus value of urban property.* But one of his pupils, Jacob Strieder, happily unfaithful, has shown that the process was much more complicated. The Fuggers initially became rich by trading with Venice, by mining, and by the exchange of copper for cotton. With this precious textile they made their fustians. Their precious metals made them bankers. And it was then, as a consequence, not as a prime cause, that the effects of business created in Augsburg created an increase of real estate there, and it was the businessmen who had used their profits to buy houses who benefited. For *im Anfang war der Handel* (in the beginning was trade).

What really was the commercial revolution? The great discoveries; the opening of new routes and the abandoning of old ones; the Atlantic replacing the Mediterranean; the volume of precious metal imported from the New World. . . . All that is true, broadly speaking, but it is not the whole answer, and one must not mistake the effect for cause. The landlocked sea did not become empty, and Venice did not suddenly disappear from the economic map of the world. It was only about 1504 that cheaper spices could be bought in Lisbon. The fire in the *Fondaco de' Tedeschi*, the depot of the German merchants, appeared as a symbol of a slow decadence, aggravated by political events.

The view that American gold and silver revolutionized the world is

* *Sombart later abandoned this view.* Author's note.

too simple. It is rather that there was a need for them, and that was the main cause of the discovery, what the Spanish chroniclers of the *conquista* called 'the thirst for gold'.

Why this need? First, remember what has already been said about the formation of the modern state. At the same time that there was political unity, there was economic unity. Routes, public order, relative domestic peace, customs, trade treaties, for example that between Louis XI and Edward, all these made the state one closed economic vessel, opened only on fixed conditions. In the West it was no longer the age of barter, and money became the indispensable instrument for foreign exchange, *intus et extra*. The mercantalism that our sixteenth-century States General demanded, and which William Cecil achieved long before Colbert, was already evolving. The reason, no mercantalism without money.

The modern state, wrote Michelet, was born hungry, like a Gargantua, but it possessed only the uncertain, occasional and seasonal resources of the feudal state; income from the domain, rents, taxes voted by subjects, and what it could raise. It had the regular, constant and urgent expenses of an administration which was permanent and already complicated. It needed money then and there for its wars and its diplomacy. In the same way, trade had to hold its capital in ready cash because distant and dangerous ventures required advances to provide transport, stock of goods, etc. These advances would only be repaid at a distant and uncertain date from the profits of the venture.

As soon as this great need for monetary instruments, and therefore for metals, was realized, digging began, and the old soil of Europe was turned over again. Aeneas Sylvius (*later Pope Pius II*) had already witnessed this mining fever, in Bohemia. The Thurzo in Hungary, the Carpathians, and in the Harz, the Fuggers in the Tyrol, in Styria, in Carnolia, etc., scraped out and scraped out again old workings abandoned since the Romans. Until 1545 the production in Europe was equal to that of America and exceeded the production of Africa, as Soetbeer's figures reveal. It was only after the discovery of Potosi and the use of mercury to separate the white metal that the enormous wave of American silver (rather than gold) broke over Europe.

But the American shipments, compact amounts carried in galleons, struck the European imagination rather than the quantities extracted every day from a multitude of German and Hungarian mines. The first gold sent by Columbus was not important, but Alexander VI used it to decorate the ceiling of Santa Maria Maggiore. The treasure sent by

Cortez to Charles V, or the prodigious ransom of Atahualpa were what made men dream. And men sailed away, with renewed ardour, to seek over the seas the wealth of the fabled country of Eldorado. In the meantime French and English pirates waited on the route, to take the laden Spanish galleons to Rouen or Plymouth.

The commercial horizon was enormously extended; to the east past India and Cathay to the mysterious Zipangou; to the west as far as the South Seas. Magellan, then Drake, proved that the lock could be closed on the Spice Islands. As a result maritime commerce became a double speculation, in time and place. Between the Moluccas and Lisbon many perils threatened the precious spices – typhoons, shipwrecks and illness among the crew. And there were many fluctuations on the European market for pepper and cinnamon between the time when the cargo left Cananor or Cochin and when, eight months, sometimes a year, later it was unloaded. Ecclesiastical prohibitions, even though they were mitigated by all the stratagems that reduced their rigours, could no longer be effective in the face of the needs of the credit market.

This trade in spices was for a long time in the hands of a small king, head of a small people, because of the discovery of the route from the Indies. A million and a half inhabitants to control this vast trade! Consequently His Most Faithful Majesty had a profitable monopoly, which he abused without shame. Half the world's sugar, from Brazil and the Indies, was under the control of the crowned grocer. Sugar became more expensive than when it had been scarce. The rash Erasmus had incurred the incurable disgrace of the Court of Lisbon for having timidly protested against this monopoly. Had not the unfortunate man put his hand upon the Holy of Holies, the Lusitanian monopoly?

But in order to exploit this profitable monopoly, in order to charter the fleets, to supply the ships' cannons, to recruit the crews, to buy the goods that would be sold at Zamorin, to make up the cargoes, and then to wait for a favourable time to sell, the King of Portugal needed money. Where could he find it?

At the appointed time the financiers came forward. Alongside the Italians were German bankers also accustomed to lending millions. They had first worked for the Curia, *campsores Romanam curiam sequentes*, bringing to the Apostolic Chamber taxes not only from Germany, but also from Hungary, Poland, Scandinavia and even from England. Then they enabled the Hapsburgs to live by advances made

on the profits from their mines. They had made advances on the subsidies voted by the Diets to the hungry Maximillian. This alliance between the bank and the Hapsburgs is a vital fact in this account. Augsburg and Nuremburg believed they could make the Emperor a Pope. The bank had negotiated a *pallium* for the Archbishop of Mainz, and held the cash-box into which Tetzel poured money from the indulgences. But above all, as the ultimate means of securing a return on its Austrian investment, the bank brilliantly and triumphantly arranged the imperial election of 1519.

The German bankers were henceforth equipped for important affairs. At this time, when the Hanse began to decline, they established themselves in the Low Countries. A curious thing resulted from this: threatened in their transalpine activities by the slowing down of Venetian trade, the South German banks turned their attention towards the North Sea, with remarkable speed of decision and sense of adaptation. There were situated the Antwerp branches of German banks who financed Portuguese trade. The first great commercial expedition to the Malabar coast was the work of a German–Italian syndicate. Then these bankers, the Fuggers, the Welsers, obtained the exploitation of Spanish silver and mercury mines, and even colonial enterprises in America from the Catholic Kings.

As for credit transactions, canonical restrictions on loans at interest could no longer be adapted to new forms of credit, even if they were expanded. The old forms cracked, and the famous consultation with the theologians of the Sorbonne in 1530 could no longer satisfy the needs of the century. Finally in 1545, Calvin brought the heavenly economy down to earth, so to speak, by the distinction he made between the Law of God and human laws. When the laws of the Hebrews were quoted at him, he replied as a learned sociologist whose study of Roman Law had given him a sense of relative values and wrote 'their situation is not ours'. And he boldly declared that the trade of his day and age required the emancipation of credit. This emancipation was neither complete nor final, however, because it was confused by timidity and compromised by backward turns. The prohibition of Edward VI followed the permission of Henry VIII, and, by the same token, in 1571 Elizabeth did not dare to re-establish complete freedom in loans at interest. Thomas Wilson's *Discourse on Usury* shows that the prejudice had a long life. But that did not matter; the way was opened that in 1609 led to the creation of the Bank of Amsterdam.

In 1566 the shrewd Italian observer, Luigi Guicciardini, noted the

importance of the trade in money and transferable bills, to the detriment of the usual trade in goods, the former being held to be less hard and more profitable. Some towns specialized in this kind of trade. From fair to bourse sums up the financial evolution of Antwerp, where the market for English wool, the 'show days' where samples were exchanged, gave way to the '*beurs*', a completely modern and cosmopolitan institution in the form of a stock market. In France the 'payments' of Lyons fixed the exchange rate for the whole of Europe and began the formation of an enormous reservoir of liquid capital. In Italy it was Genoa, which, thanks to its central position, became a sort of clearing-house for the scattered parts of the Spanish monarchy. Between these places there was bold gambling on speculative transactions, and playing on the international exchange rates which created financial pirates like Gaspar Ducci. To make this speculation easier, banking houses sent information about the state of the market from branch to branch, *avvisi*, *zeytungen*, the ancestors of our newspapers.

One really modern aspect was that this world of international finance was rudely shaken by crises. In 1526 an Augsburg banker, Ambrose Hochstetter, who had a claim against the Fugger over the mercury mining concession, had the idea of raising capital by bringing together the deposits of small investors, a device used in the nineteenth century. The venture failed in 1528 in a resounding bankruptcy. But that did not matter. The plan was taken up in the name of the French State on the Lyons market by the Cardinal of Tournon. But the *Grand Parti*, an enormous operation of liquidation and amortization of royal debts began with a 'run' and ended in a 'crash'. The French bankruptcy coincided with the Spanish, and a gigantic credit crisis was felt throughout Europe. The repercussions were felt until 1565, and this world-wide commotion was followed by a crisis of production and changes brought about by the Wars of Religion.

However, the price revolution occurred as a result of the increasing stock of monetary metals, and it brought to light a new fact: the solidarity of markets. These economically closed vessels, the States, ended by communicating between themselves. The price rise, which began in Spain, overran Italy, then France, where it reached a peak in 1566–68, and later England. This last crisis was apparent to all 'seeing that each felt it in his pocket'. But in the midst of this universal upheaval, what became of the medieval theory of the *justum pretium*, the wages of the producer, the reasonable sacrifice required from the consumer? It was replaced by the fierce law of supply and demand!

An industrial transformation corresponded with the triumph of the capitalist spirit in commerce. And once again we meet the formula of Karl Marx: 'the cooperation that rests on the division of labour was realized in its classic form in the manufactory. This characteristic form of capitalistic production dominated the period of the real manufactory, that lasted from the mid-sixteenth century to the last third of the eighteenth century.' This is the sentence of the true historian.

We have dealt with this subject too often for us to deal with it at length again. Let us only recall that the idyllic situation which some believe to have found in the medieval relationship between master and workman had very early ceased to be a reality in the cloth trade at least. But at the end of the fifteenth century new industries appeared, the children of the Renaissance; war industries like the production of guns, luxury industries like silk; intellectual industries like printing, type-making and paper-making. These industries, unwritten about so far, escaped the old form of cooperative organization in which they were unable to accommodate themselves. And even in the traditional trades the development of individualism changed the corporative life, and transformed the trade into an oligarchy. The English livery companies followed the same evolution as the French gilds. This removal of the workman from the government of the corporation, favoured by the return of old prejudices against manual labour, 'mechanical and servile', was aided, above all, by the growing importance of capital. It would, perhaps, be premature to speak of industrial capitalism, and the example of Thomas Winchcombe who led 100 of his workmen into battle was probably isolated. But let us at least speak of commercial capital being applied to industry. We are present at the first steps of mechanism when Laffemas presented his plans to the *Conseil de Commerce* of Henry IV.

What were the social consequences of this economic evolution? A ditch was dug between the master and the workman, between the master-craftsman or the domestic workman who did the work, and the master-merchant who put out the work, A spirit of 'class warfare' was already present in strikes as in those which disturbed the printing trade at Lyons and later in Paris from 1539 to 1571. We have earlier noted the already proletarian accent of these claims, when the workmen called themselves 'the true printers, to speak accurately' and accused the masters, mere merchants if we believe them, of being nourished with 'their sweat and their blood'. A time of social disturbances, aggravated still more by the religious wars, and also by the

mobility of labour, ready material for emigration. We are present at the collapse of one system. The reaction begins with the Stuarts and Louis XIII.

Une Nouvelle Economie (1929)
reprinted in H. HAUSER
La Modernité du XVI^e Siecle
pp. 55–63
Armand Colin, Paris 1963

III

Economic Rationalism

Weber observed that the true capitalist spirit could not be found in pre-Reformation commerce. The traditional attitude prevailed in this period. Economic rationalism, the key to modern capitalism, stemmed directly from the Protestant ethic, and until it had revolutionized social values and mental attitudes economic progress was severely restricted. This instance on the importance of rationalism in economic matters has been echoed by other distinguished writers, including J. Schumpeter, the great historian of economic thought who agreed that 'capitalism demands rationalism', though in other important respects he opposed Weber's theories.

Some of Weber's critics have tried to tackle him on his own ground by brandishing examples of economic rationalism before the sixteenth century. Most important has been evidence from the history of accounting, but marine insurance, and the general advice given in merchants' manuals have also been cited. Sombart led the way by pointing out that double-entry book-keeping was a near perfect example of the rationalist attitude towards business and the pursuit of profit. Actually Weber realized the force of such arguments and in his late *General Economic Theory* he not only accepted the significance of modern rational book-keeping but even allowed it pre-Reformation origins, without appreciating the implications of this admission. In this later book he seems to contradict himself. In some places he expanded hints in *The Protestant Ethic* that Calvinism was not the sole cause of the development of capitalism, pointing out some of the purely economic factors which must be included in any full study of economic progress during this period. Elsewhere he restated his earlier thesis, shorn of all qualifications.

Even after the publication of this and other important works the controversy has continued to revolve round Weber's early, relatively short essays, and it is true that in these scientific book-keeping finds no mention. In recent studies of the history of capitalism accounting takes its place with banking, exchange techniques, insurance and the merchants' manuals as examples not only of economic rationalism, but also of truly capitalistic institutions.

11 Double-entry Book-keeping

R. DE ROOVER

Until recently it was generally believed that double-entry book-keeping originated in Genoa around 1340 and that it spread from there to other trading centres such as Florence, Milan and Venice. This hypothesis has now been shattered and its place taken by a much more complicated and confused picture. It is now doubtful whether Genoa may be considered as the birthplace of double-entry; Florence is henceforth a serious contender to the Genoese claims, but it is even more likely that double-entry developed almost simultaneously in several Italian trading centres. Since trade rests on the exchange of goods and services, the duality which forms the basis of double-entry book-keeping is deeply rooted in the nature of business. Is it then surprising that the merchants would eventually hit upon a system founded on an equation between debits and credits? By 1300 the times were ripe; the merchants were already using equity and expense accounts and very little was needed to perfect the system by making it a rule that there should never be a debit without a corresponding credit or vice versa. This result was most probably achieved gradually; double-entry did not grow out of any pre-established theory, but was developed step by step by a process of trial and error. As improvements were made, they spread from one counting-house to another, until they gained general acceptance.

The three factors, which, in the early days, contributed most to the progress of accounting were, without any doubt, partnership, credit and agency. Of the three, partnership is perhaps the most important, since it led to the recognition of the firm as an entity distinct from the owners.

The oldest known business records of the Middle Ages relate to partnership and date from 1157. They are not fragments of an account-book, but are made up of a few figures jotted down on three scraps of paper inserted in the cartulary of the Genoese notary, Giovanni Scriba. More elaborate records were deemed unnecessary, since, in the twelfth century, partnerships were still ephemeral affairs formed for the duration of a single voyage and dissolved after its conclusion. Conditions were to change in the ensuing century as temporary arrangements gave way to more durable, or terminal, partnerships, especially in the

overland trade between Italy and the fairs of Champagne. The immediate result was to make the medieval book-keeper conscious of the fact that the firm is a unit in itself and that capital and accumulated profits represent the claim of the owners. It then became necessary to keep track of changes in the owner's equity, either through new investments or withdrawals, and to devise a system permitting the determination of profit or loss, which was then distributed among the partners in accordance with the provisions of the articles of association. As early as the fourteenth century the larger Italian mercantile and banking 'companies' even set aside revenues to take care of any contingencies or subsequent readjustments.

Next to partnership, credit certainly played an important role in the development of medieval accounting practices. During the period of the Crusades trade expanded rapidly and business gained in complexity. Soon mnemonic devices, such as tallies, proved to be inadequate and the need was felt for a more systematic recording of credit transactions. At first such records were kept in paragraph form: after an initial entry, some space was left blank for making one or two additional entries – for instance, to add interest – and for indicating how the settlement was made. An appropriate formula usually made clear whether this initial entry was a receivable or a payable. As yet there were no accounts current and each transaction was considered separately. It was only gradually that all items concerning the same person were grouped together so as to form a running account. This result was achieved at first by leaving more space for additional entries and later by adopting the bilateral form and putting the debits beside the credits, either on two opposite pages or on the same page divided vertically into two columns.

The paragraph form is found in the fragment of a Florentine account-book dating from 1211. As yet no earlier excerpt of medieval book-keeping has come to light. . . .

Agency, the third factor which seems to have had a determining influence on the development of accounting, is perhaps less important than the other two but may explain the appearance of merchandise accounts. After merchants had ceased to accompany their own goods, they began to conduct their business from the counting-house. Instead of travelling with their wares, they preferred to send them on consignment to foreign correspondents. The consignees were, of course, expected to remit the proceeds of their sale to their principals and, hence, were prompted by circumstances to keep accurate records of

any goods received in consignment. This was the first step. The second was to keep track of all goods coming in or going out. In doing so, medieval book-keepers could hardly fail to notice that receivables were counter-balanced by sales, and payable by purchases. Moreover, after a lot of merchandise was entirely sold, any remaining difference between sales and purchases represented either a profit or a loss. . . .

The great achievement of the Italian merchants, roughly between 1290 and 1400, was to fuse all these heterogeneous elements into an integrated system of classification in which the pigeonholes were called accounts and which rested on the principle of dual entries for all transactions. One should not, however, assume that balancing the books was the primary objective of medieval accounting. On the contrary, in Italy at least, the merchants had begun by 1400 to use accounting as a tool of management or control. To be sure, they were not so far advanced as we are today and they were even far from realizing all the potentialities of double-entry book-keeping. Nevertheless, they had made a start by developing the rudiments of cost accounting, by introducing reserves and other modes of adjustments, such as accruals and deferred items, and by giving attention to the audit of balance sheets. Only in the analysis of financial statements did the merchants of that time make little progress. . . .

Double-entry developed in Italy in response to the needs of a nascent capitalism. Italian business organization was already so complex that merchants could not get along without an efficient system of book-keeping. In the rest of Europe, double-entry did not penetrate until the invention of printing aided its diffusion. Moreover, in the age of the discoveries, capitalism spread its tentacles to countries which had thus far escaped from its grip or barely been touched.

The fourteenth and fifteenth centuries were perhaps the most brilliant and progressive period in the history of accounting. It was followed by a long period of stagnation that lasted until the nineteenth century.

'The Development of Accounting Prior to Luca Pacioli According to the Account Books of Mediaeval Merchants',
in *Studies in the History of Accounting*
eds. A. C. LITTLETON and B. S. YAMEY
pp. 115–18, 174
Sweet and Maxwell 1956

12 Double-entry and the Rational Calculation of Profit

B. S. YAMEY

Double-entry has three main advantages over the earlier methods of record-keeping. First, the records are more comprehensive and orderly; second, the duality of entries provides a convenient check in the accuracy or completeness of the ledger; third, the ledger including as it does personal, real and nominal accounts in an integrated whole, contains the materials for developing, as part of the system, statements of profit-and-loss and of capital, assets and liabilities. Did, indeed, the need for any or all of these attributes provide the spur for the development of double-entry, and did the possession of these qualities commend the double-entry system, once in existence, to merchants for its adoption? As the first half of the question is obviously even more speculative than the second, the discussion will be concerned mainly with the latter.

There can be little doubt that the first two qualities were much appreciated. The greater comprehensiveness of double-entry records must have been very acceptable to merchants with growing or more complex interests; the old needs for records of individual transaction, amounts owed to or by the firm, cash balances, goods in stock or on consignment, etc., would be met, with a margin to spare, in an orderly way. Double-entry records are necessarily organized and disciplined, though here, I suspect, the treatises may give a somewhat false picture since it is easier to be methodical in a text-book example than in a busy counting-house, particularly when account books have to be ruled by hand. . . .

This leaves the third quality of double-entry, the fact that it makes possible the development, as part of the system, of summary statements of profit-and-loss and of proprietary interests and assets. Was double-entry greatly valued for this quality by its practitioners in its first few centuries? In seeking to answer this question two opposing points of view are encountered concerning the role of profit-and-loss account and of the balance account in early double-entry. On the one hand, there are those who hold that these synoptic statements, expressing profits and capital in precise quantitive terms, were highly prized end-

products of double-entry, that through their instrumentality the double-entry system made possible or sharpened the so-called 'rationalistic pursuit of profit', and that mainly in this way, though also in some other ways, the system was essential to the development of nascent capitalism. On the other hand, there is the more prosaic view that the profit-and-loss account and the whole process of balancing the ledger primarily served narrow book-keeping purposes related to the first two qualities already discussed. The choice between the two points of view, or, perhaps, better, the relative distribution of emphasis between the two points of view, must depend essentially on one's interpretation of the significance of early double-entry techniques and the use to which the early double-entry records were put . . . if the first point of view be accepted, double-entry would have been both a manifestation of the spirit of capitalism in its formative decades as well as a propulsive agency furthering a significant economic and cultural development. Sombart, who put forward these views, wrote as follows:

> 'one can scarcely conceive of capitalism without double entry book-keeping: they are related as to form and content. It is difficult to decide, however, whether in double entry book-keeping capitalism provided itself with a tool to make it more effective, or whether capitalism derives from the 'spirit' of double entry book-keeping.'★

I would prefer a far more modest appraisal of the role and significance of double-entry, related more particularly to the first two qualities of the system considered in this section.

Introduction to *Studies in the History of Accounting* (see No. 11) pp. 7–9

13 A Bill of Exchange

Avignon, October 5, 1339

In the name of God, amen. To Bartolo and partners, Barna of Lucca and partners [send] greetings from Avignon.

You shall pay by this letter on November 20, 1339, to Landuccio Busdraghi and partners, of Lucca, gold florins three hundred twelve and three fourths for the exchange of gold florins three hundred, because I have received such money today from Tancredi Bonogiunta

★ W. SOMBART, *Der Moderne Kapitalismus*, 6th edn, 1924, vol. II, part I. p. 118.

and partners at the rate of $4\frac{1}{4}$ per 100 to their advantage. And charge [it] to our account. Done on October 5, 1339.

Francesco Falconetti has ordered us to pay in your behalf 230 gold *scudi* to the Acciajuoli.

To Bartoli Casinin and partners, in Pisa.

Quoted in *Medieval Trade in the Mediterranean World*
eds. R. S. LOPEZ and I. W. RAYMOND
p. 231
Columbia University Press 1955

14 Economic Rationalism in Fifteenth-century Italy

BENEDETTO COTRUGLI

Research has clearly shown that long before the Reformation businessmen recognized the importance of keeping clear and accurate accounts. Good order was the golden rule for businessmen.

Inasmuch as all things in the world have been made with a certain order, in like manner they must be managed – and most particularly those which are of the greatest importance, such as the business of merchants, which, as we have said, is ordered for the preservation of the human race. Hence a merchant must manage himself and his merchandise with a certain order tending to his purpose, which is [the attainment of] wealth.

Nonetheless the order must be different according to the different substance and capital which a man happens to have. A very rich man must manage one way, a rich man another, and a man who has a small capital still another. This is why some people have knowledge and ability to manage large sums, others to manage small ones. For those who are rich and have the management of many weighty matters ought to maintain their intelligence on a high [plane], and to investigate lofty matters in a rational way, as the saying goes, 'The greater the ship, the greater the labor.' And we must not undertake great things trusting the advice of sailors or of certain frivolous men and passers-by.

Because a sailor deals with gross things and has a gross intelligence, when he drinks in a tavern or buys bread in the [public] square people would believe that he is an important man and that he brings you valuable advice on wine and bread by saying that whoever carries it to some place would make out well with it. A moderate merchant, and especially one who has great things in his care, must not engage in purchases of grain and wine on the advice of such men. But he must strive to obtain advice from merchants and to search and probe his own mind, always remembering that excellent saying of Lactantius . . .

A great merchant, then, must plan his business and apportion it in a [certain] order. And he must not keep all money together, but he should distribute it in various solid businesses. And this method, in my opinion, is very efficiently followed by the Florentines more than by any other people; this I say as a generalization, for many others also follow it.

On Commerce and the Perfect Merchant, 1458, quoted in *Medieval Trade in the Mediterranean World* (see No. 13) pp. 413–14

15 How to Succeed in Business

JOHN BROWNE and JACQUES SAVARY

The previous passage was from a fifteenth-century treatise on trade. After the sixteenth century such works became more common. They were intended for the instruction of apprentices and young merchants, but also express more than a hint of propaganda to popularize the benefits the merchant bestowed on the community. Examples are to be found in most European languages. In almost every case it is assumed that attendance of public worship will not only bring God's blessing on one's trade, but also impress one's respectability on the rest of the community.

The bulk of John Browne's Merchants Avizio *combines advice concerning foreign laws, measures and customs, with spiritual exhortation. Jacques Savary's* Perfect Businessman, *a much larger work which achieved considerable fame, was written 100 years later. The Catholic Frenchman is insistent that a rational approach to business must be adopted, but his religious convictions are seldom expressed.*

GENERAL RULES FOR A FACTOR

Lastly, let this be your first and chiefest point in all your actions; that especially you omit not your dutiful service towards Almighty God, but every morning and night, to pray that God will still prosper and protect you, and to give Him humble thanks that He hath always mercifully defended you. And this do you perform, by saying silently, reverently and attentively, such passages as you have learned by heart; or if your memory cannot well remember any other prayer, say only to the praise of the blessed Trinity, the Lord's Prayer and the Creed, using evermore withal these three points of meditation. First, to meditate your sins and ask God heartily mercy, and steadfastly purpose amendment. Secondly, meditate God's benefits, and humbly thank him. Thirdly, meditate your necessities, and crave his holy help for them. The which you may then conclude the effect of this meditations, by saying lastly again the Lord's Prayer . . .

Finally, in all your actions, use diligence, conscience, silence and patience. Thus making no doubt, but if you be mindful of your duty and service to God, all things shall go well and have happy success that you take in hand. But contrary doing, your labours will not prosper, nor anything that you do will ever come to good pass or perfection.

CERTAIN GODLY SENTENCES NECESSARY FOR A YOUTH TO MEDITATE UPON

First seek the Kingdom of God and the righteousness thereof; and then all things shall be given thee that thou hast need of.

Apply thyself unto labour while thou art young, lest in thine old age thy body become full of diseases, and thy end be in reproach and poverty.

The Godly and diligent man shall have prosperity in all his ways, but he that followeth pleasures and voluptuousness shall have much sorrow before he die.

Take heed of using a false balance or measure, for it is an abomination before God; and a swearing and lying tongue maketh hot the curse of God upon his house.

Covert not overmuch familiarity amongst men, for it makes thee spend much loss of time.

Let not thy expenses be equal with thy gains, for either sickness, naughty debtors, let of trade, and misfortune by the land or sea, may soon overthrow thee.

Link not in amity with too many men that are above thy calling, for it will much increase thy trouble and charge.

Beware in any case of suertship, for it maketh thy friend thine enemy, it endangereth thy estate and impareth thy own credit.

Be not hasty in giving credit to every man, but take heed to a man that is full of words, that hath red eyes, that goeth much to law, and that is suspected to live unchaste.

When thou promisest anything be not slack to perform it, for he that giveth quickly, giveth double.

If either of good will or necessity thou must do a thing, see thou do it gladly and cheerfully, for so shall thy gift be well accepted, and thy labour and cost never a whit the more.

Remember often thy Creator, and how He hath made the whole compass of the day and night to serve thee, but thee to serve only Him. Wherefore if thou requite not thy Maker, to serve Him one hour or little moment of the day, for four and twenty hours which He serveth thee; for thy beastly unthankfulness thou hast lost both thy light in this world, and shall find darkness in the world to come.

If thou wilt prosper, pray; if thou wilt have blessings, restore what thou hast ill gotten; if thou wilt have joy of thy labours, be single in thy tongue and eye, use no lying or deceipt.

Think it not enough to refrain thee from doing evil, but know that it is also thy duty to do that which is good. Therefore be fervent for the praise of thy Creator; give good example; put towards thy children and servants in the service of God; help the widow, the fatherless, the stranger, the poor, and the oppressed.

Do unto another as thou wouldst be done unto thyself, and offer not unto another, which thyself wouldst take in offence.

JOHN BROWNE
The Merchants Avizio, 1589, ed. P. McGrath
pp. 11–12 and 55–6
Harvard University Graduate School of Business Administration, Camb., Mass. 1957

THE PERFECT BUSINESSMAN

The well-being and fortune of businessmen usually stems from the complete knowledge they have of the trade in which they are involved, from the wide experience which they have acquired in serving other merchants for a good while before they set themselves up; from

the good order in which they keep their books; from their foresight and prudence in not buying up too much stock; and from not lending more than they can afford; from the care and vigilance with which they attend to their own debts and from the assiduity which they show in remaining in their warehouses and shops; and in examining the behaviour of their employees and household servants; from the thrift and from the economy of their home, and from the reputation they acquire from honest citizens; and from keeping their word once it is given, even if they might lose on the transaction; from the determination and courage they have in overcoming all difficulties and misfortunes that happen to them, for which they had not previously been able to make provision.

It is certain that if a merchant possesses all these qualities listed above, he will certainly have a fine house, because however little good luck may attend him, even if he does not amass great possessions, he will always maintain himself with honour in business, and will acquire a good reputation, which will be even more advantageous for his children than if he should leave them great riches. . . .

The main thing that an apprentice must bear constantly in mind is the love and fear of God. Without this, God will not bless his work, and he will never succeed in his enterprises. He must love and serve God, and to achieve this he must hear Mass whenever he can. He should find sufficient occasions and opportunities in his journeys through the town. Those who are obliged to spend most of their time in their shops and stalls can get up half an hour earlier in the morning. Far from vexing their masters, on the contrary they will be very pleased, because that will ensure good behaviour. In fact there are many devout businessmen who send their servants, both in the shop and in the home, to hear Mass every day, and who have expelled them from the house if they failed to go. They should also follow the good and ancient custom of going to Mass in the Parish Church with their masters every Sunday. Thirty years ago this was the habit of all businessmen, but today they are less strict. Because the majority are as dissolute as their apprentices, one should not be astonished at the disorders that daily occur in their business affairs. . . .

The first necessity for success in trade is good order. As I have said before, without this there is nothing but confusion, amongst which one cannot succeed. And I state it as a fact that a merchant will gain more on 100,000 *livres* of goods that he will sell in one year in a well-regulated trade, keeping his affairs in good order, than someone else will gain

whose turnover is 100,000 *ecus*, if the latter's affairs are in disorder and confusion.

The second [necessity] is that it is not as difficult as one would expect to keep the good order I have suggested above, provided that one wishes to take the trouble. If a merchant loves his leisure, if he arises too late, and if he wishes to spend a good part of his days and evenings amusing himself, then he will certainly never achieve this. But if he applies himself conscientiously to his affairs, there is nothing simpler. I have not invented this 'good order', but have seen it practised by merchants with an annual turnover of 4–5,000,000 *livres*. At the present time there are many who observe it scrupulously. It is a fact that there do exist men who devote themselves entirely to their business, who arise at 5.00 a.m., and who retire at 11.00 p.m., and who prosper in their commerce, and build fine houses.

JACQUES SAVARY
Le Parfait Negociant, ou Instruction generals pour ce qui regarde le commerce des merchandises en France, et des pays estrangers
Paris 1675

Part Three
BUSINESS AND RELIGION

I

Trade, The Just Price and Christian Ethics

The medieval schoolmen judged all human activities by ethical criteria; buying and selling were not regarded as purely private transactions, but were seen in a broader context involving the whole society and judged by principles of natural justice. Ultimately all law derived from God and through human reason and the Bible, the word of God, this highest law, the natural law, was brought down to earth. Justice, based on this natural law, was largely concerned with determining social relations, and was usually divided into two sorts: *distributive* justice, which regulated the relationship between social superiors and the private individual, and *commutative* justice, which regulated the relationships between equals, including buying and selling. To exact usury or to create a monopoly were not condemned because they were uncharitable, but because they were contrary to justice. Uncharitableness was only a secondary line of attack on such antisocial behaviour. Theologians and canon lawyers examined economic activities, declaring some to be licit, and others to be illicit. The most celebrated scholastic conclusion was its condemnation of usury, but this was not the total sum of medieval economics, nor, as has sometimes been contended, was it the heart of canonist economic teaching. The scholastic analysis of usury will be dealt with in the following chapter: the concern here is with the attitude of the Church towards commerce and profits, and what scholastic writers meant by the Just Price. How far is there justification for holding that ecclesiastical views either influenced or even impeded economic progress in the two centuries before the Reformation?

Until quite recently little serious study of medieval economics had been made, and the conclusions of modern research require certain traditional opinions to be revised, or even rejected. It had been contended that the Church tried to restrict the pursuit of profit in order to preserve the famous social hierarchy of Catholic feudal society. The

theory of the Just Price was cited as evidence for this view; the scholastics related the price of an article only to the cost-of-production – that is to say the price of the raw materials and the labour of the producer. This concept of the Just Price exercised great appeal to a growing band of nineteenth- and twentieth-century writers who reacted strongly to the prevailing cult of laissez-faire economics and the idea of progress, a cult which was only too apt to ignore social hardships and cultural loss. But as Professor de Roover (ref. 32) points out in a learned survey of more than a generation of research into medieval economic thought and medieval economic history, such an interpretation is valid only for a small school of medieval thinkers.

Though the early Christian Fathers had been inclined to regard not only the merchant but trade itself as sinful. On the other hand St Augustine (345–430), one of the greatest of the Fathers, in a commentary on Psalm 70, declared that the merchant ought to make a profit as compensation for his labour, and also pointed out that the fact that certain traders were guilty of fraud and deceit did not make trade itself sinful. This commentary was often quoted from the twelfth century onwards when the quickening of international trade after the Dark Ages following the fall of the Roman Empire made it difficult for the Church to deny that the merchant fulfilled any useful social function. The lead came from the canon lawyers, clergy trained in theology, but who had then specialized in the law of the Church. Roman law principles exercised a powerful influence over Church law, and Roman law had no qualms about the licitness of trade and recognized the legality of contracts and the freedom of bargaining. It was the job of the canon lawyers to apply Christian principles to everyday life, and their writings were inclined to be more practical and less speculative than those of the theologians. The canonists, in close contact with everyday life and influenced by Roman law, soon developed arguments to justify buying and selling. The moral turpitude which traditionally surrounded the merchant in Christian literature was minimized. The theologians followed the lead of their lawyer colleagues and the merchant was admitted as a useful member of society. Nevertheless, the view of older historians that the Church positively discouraged trade contains an element of truth. Though theologians examined and, for the most part, permitted the transactions of the merchant, there is a wealth of evidence from sermons and popular literature to show that something of the old attitude lingered. Many preachers reminded their audiences how difficult it was for a rich man to enter heaven, related

the sharp practices of traders and terrified them with tales of the death of the usurer. Although trade was by no means negligible in the late Middle Ages, the social values remained those of an agrarian society. The merchant did not fit easily into the conventional feudal hierarchy.

As to the Just Price argument, mentioned above, the consensus of modern research is that in practice the Just Price was the current, competitive market price. Price regulation by the government was permissible in certain circumstances, but monopolistic prices were condemned. The position is summarized by Albert the Great (*c.* 1189–1280), the master of Thomas Aquinas, in the following phrase: 'A price is just which is equal to the value of goods sold according to the estimation of the market price at that time.' Though the theologians adopted this concept from the canon lawyers readily enough, they wanted to find a philosophical justification for equating the Just Price with the market price. These attempts sometimes led them to a cost-of-production theory, but there was no suggestion that in practice the cost-of-production should be the basis for the calculation of prices. For the economic historian the important fact is that from at least the twelfth century theologians recognized the market price as just and equitable. This meant that the supposed artificial ceiling on price did not exist. Indeed the scholastic analysis of value was in some ways as sophisticated as that of Adam Smith. By the late sixteenth century the followers of the Spanish writer Francisco de Vitoria, the School of Salamanca, introduced supply and demand and utility as factors of determining value, though the role of utility had been first suggested by San Bernadino of Siena more than a century before. The history of the scholastic analysis of the Just Price contrasts strongly with the history of the analysis of usury. In the first case metaphysical speculation and actual examination of economic life came together to form a theory of value not far removed from the modern position; but in the case of usury speculation and investigation were not fused in discussion of fundamental principles.

The canon lawyers introduced another part of medieval economic theory by adopting the Roman law principles of the freedom of bargaining, and the legality of contracts. These principles might have undermined the Just Price theory had not complete freedom of bargaining been restricted by an ingenious and entirely novel extension of another Roman law theory, *laesio enormis* (immense injury). In late Roman law theory *laesio enormis* was of limited application, valid only in the case of the sale of land for less than half its market value. It

applied only to land transactions and it could be pleaded only by the vendor. The twelfth-century canon lawyers turned the principle on its head, and broadened its scope by applying it to all transactions, and permitting it to be invoked by the buyer if he was charged more than twice the Just Price. Even so the vendor still had great legal freedom, because it could not be invoked unless the profit was more than twice that permitted by the Just Price.

But to look only at the legal aspect is to ignore part of the force of the teaching of the Church. Offences against canon law, such as *laesio enormis*, could be dealt with in the Church courts, although no study has been made of their workings. To demand slightly less than twice the Just Price was as much a sin, but not an offence in canon law. In this case only the moral force of the confessor operated, and the historian cannot examine this second way of enforcing the Church's teaching since the confessional left no records.

The effect of scholastic economics was to allow the merchant considerable freedom in buying and selling. To summarize, the Church allowed (i) that in practice the Just Price was the current market price, (ii) that moderate profits were quite licit, and (iii) that bargaining should be unrestricted, unless *laesio enormis* could be invoked.

Avarice, however, was a deadly sin and the condemnation of covetousness a favourite topic. The Church defended private wealth, and allowed the merchant a fair return for his labour, but the immoderate quest for riches was a sin. Aquinas gave a philosophical justification for 'moderation' in all things, but for the popular preacher 'the pursuit of riches was the source of all evil'. In practice, however, the wealthy merchant escaped censure, and was praised for his donation to Church funds, and his charitable activities. Indeed many Catholic writers permitted the pursuit of riches if the end was to be the relief of the poor. The grasping small trader and the small money-lender appear as enemies of society, while the successful banker operated in a sphere remote from popular life.

Underlying scholastic economics was the concept of the 'common good', a metaphysical concept derived from the medieval ideal of justice. Buying and selling was a social, not a private, activity, and the calculation of prices and profits could not be left to the individual. Society was organic; a favourite analogy was between society and the human body. All members, however lowly, had a function involving rights and duties, and justice was socially orientated. The idea that

economic activity should be exempt from the traditional morality was totally at variance with the prevailing attitudes.

No breach was made in the traditional approach by the Reformers, and Protestants retained the social assumptions and ideals of pre-Reformation Catholic schoolmen. This point is a central part of Tawney's argument, though some of his critics at times imply that he believed that the Reformation overturned the traditional economic morality. When the influential English Calvinist William Perkins (1558–1602) attempted to construct a Protestant science of casuistry, the resolution of 'cases of conscience' by reference to higher general principles, he took over a good deal from the scholastics. His system differed in many respects from medieval casuistry, and still more from contemporary Jesuit casuistry, largely because he started from the fundamental Protestant premise of individual responsibility, but it is recognizably in the old Christian tradition. For example, the Aristotelian ideal of moderation in all things as the golden rule, transmitted by Aquinas, was retained by Puritan divines.

The basic idea of the 'common good' was hammered home by Protestant writers and preachers, and was still emphasized by Richard Baxter in the second half of the seventeenth century as the final test of one's actions. Even the analogy of society and the body lived on. In the busy commercial world of Amsterdam and London divines continued to contend that wealth must ultimately be judged by the benefit it bestows on the community, including, of course, the merchant's family; Protestantism, like Catholicism, had no qualms in accepting private property as just, and the ideal of the 'common good' had no socialistic overtones.

Avarice and covetousness were just as much deadly sins for Protestants as Catholics, and writers constantly reminded their readers that the real purpose of life in this world was to achieve salvation in the next world, and that anything which drew men from God and the salvation of their souls must be shunned.

It is always dangerous to generalize about Puritan attitudes. Puritanism, except for basic Calvinistic principles, was an attitude of mind rather than a fixed body of belief, and there were considerable differences of opinion in some matters, as well as changes as the movement grew older. One of the criticisms Tawney raised against Weber was that he used late seventeenth-century writers like Richard Baxter to illustrate early Calvinistic ideas. Nevertheless there was general agreement about the Christian attitude towards wealth. Riches were

not evil in themselves, indeed they could sometimes be a sign of God's grace, although most divines avoided the generalization that success in one's calling was a sign of election. Everyday experience made it plain that in this wicked world the evil often prospered while the godly languished. It may be the case that Protestant laymen used this simple equation, as the extract from John Browne (p. 82) suggests, but it would be incorrect to believe that such an attitude stemmed directly from Calvinist teaching. On the contrary, many divines specifically warned against such an identification. Furthermore, not only did excessive attention to material benefits divert attention from God, but it was also a shocking perversion to worship God's gifts and forget their Creator.

There is good evidence, however, to support Tawney's view that after the Restoration Nonconformist attitudes were more permissive; the Nonconformist was apt to prefer the industrious merchant or artisan to the idle gentleman, and some openly and unreservedly praised the merchant for the benefits he brought to the whole community. Earlier reservations about riches and worldly success were diluted, though it was undoubtedly a perversion of strict Calvinism for some eighteenth-century preachers to assert, without qualification, that riches could be identified with God's grace. Contemporaries as well as historians noted the close ties between Nonconformity and trade, though only historians asserted a causal relationship.

It had not needed a religious revolution for the merchant to find a respected place in society and justification for his profits. The Medici had become unofficial rulers of Florence in the fifteenth century and Grand Dukes in the sixteenth, as well as supplying two occupants of the throne of St Peter. In fourteenth-century England the de la Pole family had soared from Hull merchants to Earls of Suffolk in a single generation. The tendency for successful merchants to enter the landed gentry, even the aristocracy, mentioned by Professor Trevor-Roper, was not a purely post-sixteenth-century phenomenon.

Until the end of the seventeenth century and beyond, Christian and ethical principles were uppermost when godly ministers discussed economic matters. If in some important ways their opinion changed, their fundamental assumption, albeit diverted, remained unchanged. Indeed in the seventeenth century Protestant divine and Catholic priest, at least the French variety, seem equally ambivalent in their attitude towards 'capitalism' – encouraging thrift and hard work, even praising the merchant for his contribution to the common good, but

at the same time retaining a basic suspicion of excessive individualism, antisocial conduct and the accumulation of riches. All denominations agreed that in the final analysis the life to come was much more important than any success in this world. Fundamentally Christianity, like all the higher religions, is not of this world. On moral issues Aquinas has much in common with Perkins and Baxter.

16 The Scholastic Attitude towards Trade and Entrepreneurship

RAYMOND DE ROOVER

Following in the steps of the Church Fathers, the scholastic Doctors of the Middle Ages looked with favour upon husbandry but regarded trade with distrust because it was an occupation which, although not wicked in itself, nevertheless endangered the salvation of the soul. 'To fornicate,' the canon law proclaims, 'is always forbidden to anyone, but to trade is sometimes allowed and sometimes not.' While profits from trade can possibly be made by honest means, they are often ill-gotten and the canon law warns that it is difficult to avoid the occasion of sin in the process of buying and selling. Even more pessimistic is the canon *Ejiciens Dominus*, which, referring to the expulsion of the exchangers from the Temple, declares that the profession of merchant can scarcely ever be agreeable to God. The text goes on to curse the usurer who, of all merchants, is the most damnable because he buys nothing, and sells time, which belongs to God.

This doctrine was perhaps well adapted to the needs of the predominantly agrarian economy prevailing during the so-called 'Dark Ages'. However, as town life and trade revived after the millenium, it became increasingly difficult to challenge the standing of the merchant as a useful member of society.

Faced with realities in contradiction with their doctrines, the scholastic Doctors were induced to relax the severity of their views, but they did so only gradually and reluctantly without ever completely abandoning their position. In accordance with canon law, Peter Lombard (1100–1160), whose *Sentences* were used throughout the Middle Ages as a standard text in all university courses in theology,

still clung to the opinion that soldiers or merchants unwilling to give up their career or profession could not be received as penitents, since they persisted in a sinful way of life. This rigid attitude did not find support, however, among later writers, including Peter of Tarentaise (1225–1276) who became Pope Innocent V but reigned only a few months, St Bonaventure (1221–1274), known as the Seraphic Doctor, Albertus Magnus (1193–1280), and Thomas Aquinas (1225–1274), all of whom wrote Comments on Lombard's *Sentences*. Aquinas uses the cogent argument that the services of soldiers and merchants are indispensable for the preservation of the commonweal which needs an army to restrain its foes and flourishing trade to satisfy the wants of its citizenry. Although these two professions are often closely connected with evil, they are not necessarily to be condemned inasmuch as they can sometimes be exercised without sinning (*quamvis sine peccato quandoque exerceri possunt*). In other words, the Angelic Doctor came to the discouraging conclusion that trade could be free from sin, but that it rarely was in actual practice. In the same way, knights could be irreproachable heroes, but they rarely were except in romances of chivalry.

The scholastic Doctors were more sophisticated than one might assume. Like Adam Smith, they were well aware of man's 'propensity to truck, barter, exchange one thing for another'. According to Thomas Aquinas, man is a 'social animal' who is rather helpless when reduced to his own shifts and who is unable to provide for his own needs without the assistance of his fellowmen. Division of labour – although the Doctors do not use this phrase – is an imperious necessity. For this purpose, men are endowed by Divine Providence with different aptitudes for different 'offices', or occupations, so they would be forced to form a society and to deal with each other. Exchange, if on an equitable basis, is bound to benefit both parties. Richard of Middletown (*fl.* 1280–1300) illustrates this idea by explaining that the sale of a horse, for example, profits both buyer and seller, since the buyer prefers the horse to money and the seller needs money more than the horse, otherwise he would not be willing to sell.

Countries, according to the scholastics, were not any more self-sufficient than individuals. God willed it so in order to promote peaceful intercourse between nations. As with exchange between individuals, international trade will bring mutual benefits. To illustrate this point, Richard of Middletown uses the simplified model of two countries: country A which has a superabundance of grain but a

shortage of wine, and country B which, on the contrary, has plenty of wine but lacks grain. It is clear that both countries will benefit by exchanging their surpluses. The merchants also will thrive by transporting grain from country A, where it is plentiful and costs little, to country B where it is scarce and fetches a high price, and by shipping wine in the opposite direction from country B, where it is cheap, to country A, where it is dear. In so doing they will not exploit anyone, since they will be buying and selling in both at current rates and still be making a profit. This profit, according to the author, is perfectly licit, since the merchants perform a useful service, and are entitled to compensation for their troubles and risks. Although his argument is well developed, Richard of Middletown misses one point: given his assumptions, the merchants' activities would tend towards equalizing price in both countries. Incidentally, the argument also implies that market rates are just prices.

According to scholastic views, consumers who bought for their own use, farmers, even ecclesiastical establishments who sold the products of their own land, were not regarded as merchants. Consonant with Aristotle's definition, a merchant was properly speaking someone who bought with the intention of reselling at a profit. The ideal was to eliminate trade altogether by bringing consumers directly into contact with producers. In most towns, markets were instituted for this purpose, but these markets were merely local. In distant trade, it was impossible to dispense with the services of merchants. It is, therefore, not surprising that John Duns Scotus (1274–1308) justifies the existence of merchants who bring commodities from a country where they abound to another country where they are in request. Such merchants, according to the Subtle Doctor, deserved to be remunerated for their troubles, because they performed a public service. Thomas Aquinas also approves of merchants who keep their country supplied with foreign wares provided they do not seek gain for the sake of gain but as a just reward for their efforts.

San Bernardino of Siena (1380–1444), the famous Franciscan theologian and preacher, who was perhaps the ablest economist of the Middle Ages, knows three categories of merchants whose services are valuable to the commonweal. The first are the importers–exporters (*mercantiarum apportatores*), who have already been described by John Duns Scotus and who make it their business to import goods from abroad, sometimes at considerable risk, trouble and expense. Next come the 'storekeepers' (*mercantiarum conservatores*), who store goods

away and have them available when customers want them. These *conservatores* are certainly performing warehousing functions; however, it is not clear from the text whether they are storekeepers who buy wholesale and sell at retail. (Retailing is not usually mentioned in scholastic treatises until the sixteenth century.) The third category is composed of the *mercantiarum immutatores seu melioratores*, or manufacturers, whose job is to transform raw materials into finished products, for example to make cloth from wool, shoes from leather or candles from wax. Craftsmen were not regarded as merchants, and it may be that the text refers to master-manufacturers, or industrial entrepreneurs, who possessed some capital and put out materials which they had worked up by artisans dependent upon wages paid by their employers.

San Bernardino does not enter into much detail; his treatment of this matter is inferior to that of his contemporary, San Antonino (1389–1459), Archbishop of Florence, who was not as good as an economist, but had a flair for concrete detail and was well informed about the conditions in the Florentine woollen and silk industries. He discusses an impressive array of unfair practices which the manufacturers used to oppress their workers, such as withholding wages, or paying them in truck or in clipped and debased coin. In revenge, the workers cheated their employers in various ways by poor workmanship, cabbaging, loafing on the job and other petty forms of sabotage. Of course, the saintly archibishop condemned all fraudulent practices and stressed the responsibilities of the employers towards their subordinates as well as the duties of the workers towards their masters. What he found especially appalling was the lewdness which prevailed in certain workshops among carders, combers and woolbeaters, whose tedious and dirty jobs attracted only the most brutal and uncouth men.

By the fifteenth century mercantile pursuits had secured the approval of the theologians as essential to the smooth operation of the economic system and as beneficial to the *res publica*. The only exceptions were monopolists who exploited the public, pawnbrokers who were branded as manifest usurers and regraters, or speculators, who tried to make profits by rigging the market without serving any useful purpose. Although trade was thus accepted as a permanent institution, the theologians continued to rail against covetousness, or the profit-seeking motive, 'for the love of money is the source of all evil', as the Apostle Paul teaches in one of his epistles. And as Thomas Aquinas, quoting Aristotle (*Politics*, 1, 6), had held, 'trade, insofar as it aims at

making profits, is most reprehensible, since the desire for gain knows no bounds but reaches into the infinite'. To be justified, gain should be moderate and directed towards a laudable end, such as the support of one's household, the relief of the poor, or the welfare of the community lest there be a lack of vital supplies. As already stated, gain was wrong as an end in itself; it could be justified only on social grounds as a remuneration for services.

Although theological prejudices against trade were on the wane in the fifteenth century, San Antonino still dealt with economic matters under the general heading 'Concerning Avarice' (*De Avaritia*). According to Thomas Aquinas, covetousness had consisted in seeking to accumulate wealth for the purpose of improving one's station in life. However, his commentator, Thomas de Vio (1468–1534), better known as Cardinal Cajetan, declares this to be false (*Nam falsum videtur hoc esse*). If it were true, the result would be to freeze everyone in his social condition with the result that a peasant would always remain a peasant and an artificer always an artificer without any prospect of bettering his lot, which, Cajetan states, is manifestly absurd. He then advances the opinion that, without committing the sin of greed, men with unusual ability can rise in the social scale to a rank commensurate with their 'virtues' or achievements. Cardinal Cajetan, of course, was Italian; there was already a great deal of social mobility in Renaissance Italy where great bankers, such as Medici, became rulers and the son of a peasant, like Francesco Sforze, made himself duke of Milan. In northern Europe, social ranks were clearly limited and the barriers insurmountable; one cannot imagine a meteoric rise like that of Sforza or even of the Medici.

According to the jurists and most of the theologians, prices were social phenomena and were set by the community, either by common estimation – which means the estimation of the market – or by public regulation. Merchants were expected to play the game according to the rules and to accept the ruling price whether they gained or lost. Of course, merchants would not continue to supply the market if price failed to cover cost. Albertus Magnus is specific on this point and states unambiguously that a carpenter would cease making beds unless the price received compensated him for his outlays and his labour. What was wicked was to indulge in price discrimination, to overcharge by taking advantage of a buyer's ignorance or urgent need, to form rings or 'conspiracies' in order to manipulate prices, or to deceive buyers as to the quality of the goods offered for sale.

Henry of Langenstein the Elder (1325–1397) and a few followers, chiefly nominalists, dissented from the Thomist position and supported the doctrine that 'if the public authorities failed to fix a price, the producer might set it himself so as to maintain himself in his social station'. Langestein's rule has exerted a tremendous influence in recent times and has been hailed by many as a characteristic formulation of the scholastic doctrine on the just price, which is simply not so, since it was rejected by the great majority of the Doctors, both jurists and theologians. In reality, Langenstein, like other nominalists including Johannes Gerson (1363–1429), Gabriel Biel (*c.* 1425–1495) and Martin Luther himself (1483–1546), was in favour of price regulation instead of a free market.

By taking the above text out of its context, Guild Socialists and other well-meaning opponents of economic liberalism have drawn the conclusion that in the Middle Ages the price system was used to prevent the evils of unbridled competition and to maintain the existing social hierarchy. This ideal picture, unfortunately, does not fit the facts. Certainly, a knight because he was a knight did not sell his corn at a better price than a simple peasant. Moreover, Thomas Aquinas emphatically rejects any connexion between prices and social standing when he writes: 'In a just exchange the medium does not vary with the social position of the persons involved, but only with regard to the quantity of the goods. For instance, whoever buys a thing must pay what the thing is worth whether he buys it from a pauper or from a rich man.' In plain language, this means that prices should be the same to all, rich and poor alike. As a matter of fact, in the Middle Ages, the preservation of the social hierarchy depended not on the price system but on inequality in the distribution of wealth, chiefly landed property which was in the hands of the upper classes, nobility (gentry) and clergy. Not only did they collect rents, but they levied tributes in the form of tithes and feudal dues. Craftsmen and small tradesmen operating as they did under conditions of competition were not likely to accumulate fortunes. Only in Italy did there exist an upper stratum of great merchants and bankers whose wealth exceeded that of the feudal nobility across the Alps.

The scholastic Doctors were mainly concerned with the deontology. Since this preoccupation with ethics seriously limited their interest in certain questions, it is not surprising that they paid little attention to entrepreneurship. There was one exception – San Bernardino of Siena. He was not content with denouncing greed and evil practices;

he also stressed the positive qualities which a merchant should possess not only in order to be a good Christian but also a good businessman.

The saint fully realized that business ability is uncommon and requires a rather rare combination of qualifications. First of all, merchants should be diligent, by which he means that they should be well informed about qualities, prices and costs, and be 'subtle' in calculating risks, 'which few men are able to do'. In the second place, they should be 'solicitous' and attentive to detail, which in the conduct of business is most necessary (*quae in tali exercitio plurimum necessaria est*). Nothing can be achieved without a great deal of trouble and toil. The merchant must be prepared to endure discomforts, to suffer hardships and to run risks in crossing seas and deserts. Although business, in San Bernardino's time, was being conducted more and more from the counting-house, the age of Marco Polo was not entirely gone.

What the zealous preacher deplored – here the moralist speaks again – was the fact that so many merchants stayed abroad for long periods of time, separated from their wives, and defiled themselves by living in carnal sin or even in 'filth' with infidels as well as with believers. There is no doubt that misbehaviour in this respect was very common and was regarded with so much indulgence that it did not stand in the way of a successful business career. Many cases are on record in the Medici papers. The Medici themselves (Cosimo, Piero, Lorenzo) set the bad example followed by their general managers (Giovanni d'Amerigo Benci and Francesco Sassetti) and many of their factors (Francesco Nori and others). A few, very few, turned away from worldly vanities and, to expiate their faults, went into a monastery. One example was Alessandro di Filippe Rinuccini (1425–1493), a factor in London, who, in 1459, left the service of the Medici Bank to enter the Dominican order and eventually became prior of the friary of San Marco in Florence, a post later occupied by the famous Savonarola.

Doing business involved risk taking because of lurking dangers, both on sea and on land, which threatened the merchant's property or personal safety. In agreement with John Duns Scotus, San Bernadino thought that merchants were entitled to a compensation for risk and a recompense for their labours, but not more, because the only justification of profits lay in the service and utility of the commonweal (*pro reipublica servitio et utilitate*).

The orderly conduct of business was a virtue. San Bernardino urged merchants to keep accurate accounts and to balance the books at

least once a year. After all, confusion might lead to dishonesty. Business integrity the Franciscan preacher prized highly, but he was not a pragmatic who would say that honesty is only good business policy. A merchant was expected to keep his word, to respect his agreements with his partners, and to fulfil his commitments. It was wrong morally to disparage a competitor's wares in order to sell one's own merchandise. San Bernardino disliked bargaining because it was associated with lies, perjuries and blasphemies. A seller should state his price and tell the buyer 'to take it or leave it'.

San Bernardino, being a very pious man, insisted that merchants be punctual in the discharge of their religious duties, refrain from trading on Sundays and holy days, and confess their sins at least once a year to a devout and God-fearing priest – not to one of those accommodating friars found in the tales of Boccaccio. Such advice might be expected from San Bernardino but it is found in merchant manuals as late as the seventeenth century, for example in *Le Parfait Negociant* written by Jacques Savary, who was not a saint but a hardheaded businessman.

Like all the scholastic Doctors, San Bernardino condemned as usury *any* interest on a loan. To justify his stand, he accepted the Aristotelian theory that money was sterile. However, he contradicted himself on this point by admitting elsewhere that money acquired a 'seminal' quality by being invested and becoming capital.

How did the merchants react to scholastic doctrines? There are two conflicting views on this matter, both more or less influenced by the *Weltanschauung* of their adherents. According to some, business and religion formed two separate compartments. The merchants went to church, true, but they forgot all about religion once they were outside and back in the counting-house. Religion had no, or very little, influence on the conduct of business. According to others – and this is the Max Weber thesis – this influence, far from being negligible, was profound and stifled the development of capitalism in the Middle Ages. It is only after the Reformation that Calvinists abandoned the scholastic attitude towards trade and ceased to regard it with suspicion. Thrift, instead of being condemned as covetousness, was now extolled as a virtue, and a business career, instead of endangering salvation, was hailed as a calling sanctified by God. Thus the Calvinists created a new 'spirit' which was eminently favourable to the efflorescence of capitalism. If this doctrine is accepted, capitalism, of course, was a post-Reformation phenomenon. Bankers like the Medici simply were not

capitalists because they lived in a pre-capitalistic age when the developments of banking was seriously fettered by the Church's usury doctrine.

Where lies the truth? As usual, somewhere between the two extremes. Although a full answer would require long developments, two remarks need to be made. The merchants did not entirely disregard the teachings of the Church; that they made an effort to comply is evident from their account books and the numerous wills which order the restitution of usury or make bequests to atone for ill-gotten gains. The scholastic theologians, as we have seen from the exhortations of San Bernardino, were not opposed to the rational conduct of business or even to the profit-seeking motive, if profit was not sought for its own sake. The formula 'In the name of God and of profit' does not date from the Renaissance but goes back at least to the age of Aquinas, since it appears in an account book of 1253. The Church's ban against usury did not arrest the development of banking; nevertheless, it affected this development very profoundly, because the bankers managed to evade the ban – in a licit way – by operating on the exchange instead of lending outright. How this was done is perfectly understood now, but it was not when Max Weber first formulated his famous thesis. The Church's economic teachings, consequently, did have a profound effect on the growth of capitalism, but not in the way Weber imagined.

In *Explorations in Entrepreneurial History*
vol. 1, second series, 1963–64, pp. 76–84

17 The Merchants' Profit Justified

WILLIAM OF RENNES

William of Rennes (fl. c. *1250*) *summarizes the attitude of scholastic writers after the twelfth century towards the merchants' profession and the legitimate quest for profit. Compare the reference to the 'judgment of a good man', commonplace in such writings, with the advice given by the English Puritan William Perkins* (*see p. 109*).

Although business can scarcely be conducted without sin, merchants may receive a moderate profit from their wares for the maintenance of

themselves and their families. Since they work for all and perform a kind of common business by transporting merchandise back and forth between fairs, they should not be held to pay their own wages. From the merchandise itself they can accept a moderate profit, which is regulated by the judgment of a good man, because the amount of profit permitted cannot be exactly determined in shillings, pounds or pennies.

Glossa to *Summa de Casibus* of Raymond of Penafort.

18 Pursuit of Riches

ST THOMAS AQUINAS

Aquinas utilizes two Aristotelian arguments in this passage: that all objects have a natural end or function, and that moderation is the golden rule in human actions. English Puritan writers repeat his condemnation of covetousness and the idea that wealth should be restricted to that needed to keep one's station in life. Social mobility was inimical to both schoolmen and Puritan divines.

Now in all things that are for an end, the good consists of a certain measure: since whatever is directed to an end must needs be commensurate with the end, as, for instance, medicine is commensurate with health, as the Philosopher [*Aristotle*] observes [*Politica* 1 : 6]. External goods come under the head of things useful to an end. Hence, it must needs be that the main good in this respect consists in a certain measure, to have external riches, as far as they are necessary for him to have in keeping with his condition of life. Wherefore it will be a sin for him to exceed this measure, by wishing to acquire or keep them immoderately. This is what is meant by covetousness, which is defined as 'immoderate love of possessing'. It is therefore evident that covetousness is a sin.

Summa Theologica
vol. XII, p. 145
Burns and Oates 1929

19 The Commercial Company Justified

ST THOMAS AQUINAS

He who lends money transfers the ownership of the money to the borrower. Hence the borrower holds the money at his own risk and is bound to pay it all back: wherefore the owner must not exact more. On the other hand he that entrusts his money to a merchant or craftsman so as to form a kind of society, does not transfer the ownership of the money to them, for it remains his, so that at his own risk the merchant speculates with it, or the craftsman uses it for his craft, and consequently he may lawfully demand as something belonging to him, part of the profits derived from his money.

Summa Theologica
vol. x, p. 336
Burns and Oates 1929

20 Profit and Trade

ST ANTONINUS

St Antoninus (1389–1459) was Archbishop of Florence, the financial centre of western Europe. His environment and personal familiarity with business life made him unusually well informed to deal with questions of commercial morality. His highly influential writings summarized the main scholastic arguments. In the following passage he agrees with Aquinas that only moderate profit may be sought, emphasizing the concept of the common good.

If the object of the trader is principally cupidity, which is the root of all evils, then certainly trade itself is evil. But that trade (as natural and necessary for the needs of human life) is, according to Aristotle, in itself praiseworthy, which serves some good purpose, to supply the needs of human life. If therefore the trader seeks a moderate profit for the purpose of providing for himself and family according to the becoming fortune of their state of life, or to enable him to aid the poor more generously, or even goes into commerce for the common good

(lest, for example, the State should be without what its life requires) and consequently seeks a profit not as an ultimate end but merely as a way of labour, he cannot be condemned.

Quoted in B. JARRETT
St Antonino and Mediaeval Economics
p. 65
Manresa Press, London 1914

21 The Just Price

ST ANTONINUS

St Antoninus here links the 'Just Price' with moderate profit. His practical definition of the Just Price as the Market Price is the commonplace of writers from Aquinas to Baxter.

All therefore that can be said by way of direction herein, must be drawn from that Golden Rule aforesaid: 'Whatsoever you would that Men should do to you, do ye likewise unto them' . . . and in general that gain is reasonable when due consideration is allowed to a man for his time, pain and hazard, which is best to be known in individual cases by the concurrent opinion or common use of prudent and conscientious persons. The Market Price is generally the surest rule, for that is presumed to be more indifferent than the appetites of particular men.

Summa Theologica, 1740

22 The Use of Riches

WILLIAM PERKINS

William Perkins (1558–1602), Fellow of Christ's College, Cambridge, and the leading English Calvinist writer of his day, was author of the Whole Treatise on Cases of Conscience. *Like St Thomas Aquinas (p. 104) he*

bids his readers to avoid covetousness. Traditional too is his contention that in this world we are really 'stewards' of our goods and wealth, while his suggestion that a man must seek only enough 'to maintain him and his family' is foreshadowed in the extract from St Antoninus (p. 106). On the evidence of these passages, it seems that Perkins is far from allowing his readers absolute freedom in their quest for riches. Like all Christian writers, Catholic and Protestant, Anglican and Puritan, he emphasizes that ultimately our role in this life is to prepare for the life to come: worldly possessions must never divert men's attention from 'God's glory and the salvation of our souls'.

Subjects in kingdoms should content themselves, if they have as much as will provide them food and raiment, and this much lawfully may they seek for. As for example, a master of a family, may with good conscience seek for that measure of wealth, as shall in God's wisdom be thought meet to maintain him and his family, with convenient food and raiment: having obtained this much, a pause must be made, and he may not proceed further. . . . It may here be demanded, how are we to judge what is sufficient for any man? I answer, we must estimate sufficiency, not by the affection of covetous men, for them nothing shall ever be sufficient: but we are to proceed by the same rule in this manner, or in like case of apparel. Because the word of God hath given no particular rule how every man or woman should be attired: therefore our rule must be the example and judgment of the godly and grave men and women of our estate and order. So likewise for a sufficiency in things of this life, our rule must be the common judgment and practice of the most godly, frugal and wise men with whom we live: and that which they in good conscience judge sufficient and necessary for every man, according to his place and calling, that is to be esteemed sufficient. And here we must remember, not to make one rule for all men, that things sufficient for one should be sufficient for all: but every man must be measured according to his condition and degree. For as one man is above another in degree, more or less, so to one man is more required for sufficiency than to another.

Every blessing of God may be sought for, if so it be I know it is a blessing to me: therefore I may lawfully seek for faith and repentance, and all such gifts of God as are simply blessings. But we may not seek for such things, as are only blessings in some respects, unless we can say they are blessings to us: a sword or a knife are good things in themselves, and have their use, but they are not good in the hand of a child, or of a mad man, because they may hurt themselves. And so riches are

good in themselves, but not for every man: and therefore no further to be sought, then we know they are good and profitable for us.

CASES OF CONSCIENCE

Man may with good conscience desire and seek for goods necessary, whether for nature, or for his person, according to the former rule: but he may not desire and seek for goods more than necessary, for if he doth he sinneth.

First, Deuteronomy 17, v. 16, 17. The commandment is given to the King that hath most need of abundance, that he 'should not multiply his horses, or his silver, or his gold'. That which the King may not do, the subjects ought much less to do; and therefore they are not to multiply their goods.

Secondly, seeking of abundance is a hazard to the salvation of the soul, by reason of man's corruption. Therefore Matthew 13 Riches are called thorns 'that choke the work of God sown in the heart'.

Thirdly, seeking of abundance is a fruit of diffidence in the providence of God. Now all fruits of unbelief must be cut off; we must not therefore desire more than is necessary. . . .

(RICHES)

. . . We must so use and possess the goods we have, that the use and possession of them may tend to God's glory, and the salvation of our souls. Rich men must be rich in good works, and together with their riches, lay up a good foundation in conscience, against the evil day.

Our riches must be employed to necessary uses. These are first, the maintenance of our own good estate and condition. Secondly, the good of others, specially those that are of our family or kindred. . . . Thirdly, the relief of the poor, according to the state and condition of every man. Fourthly, the maintenance of the Church of God, and true religion. . . . Fifth, the maintenance of the Commonwealth.

SERMON ON MATTHEW 6: 19–20

. . . But yet that we may not mistake the meaning of our Saviour Jesus Christ, I will distinctly set down what things Christ forbiddeth not, pertaining to the gathering or keeping of worldly goods: and then what it is he doth directly forbid. There be three things respecting the world, which Christ forbiddeth not. Viz. 1. Diligent labour in a

main vocation, whereby he provides things needful for himself, and those that depend upon him; for else he should be contrary to himself. . . . II. The fruition and possession of goods and riches: for they are the good blessing of God being well used. . . . III. The gathering and laying up of treasure is not simply forbidden, for the word of God alloweth herefor in some respect. 2 Corinthians 12: 14. . . .

What is it then that Christ here forbids? Answer: sundry practices of covetousness, whereof the first is excessive seeking of worldly wealth, when men keep no measure nor moderation therein, although God give sufficient, yet they are not content, their desire is so insatiable. And that we may see the danger of this practice, I will here show how far forth a man may seek for and lay up worldly wealth: for the better understanding whereof, this distinction of worldly goods must be laid down for a ground; they are either necessary, abundant or superfluous. Necessary goods are of two sorts; either necessary to main nature, without which no man can live, nor family stand; meat, drink, apparrel, lodging, etc., or necessary to a man's state and condition of life, without which he cannot exercise the duties of his calling wherein God hath placed him; as books to a student, tools to a tradesman, etc. . . . but for abundance, and for superfluities, no man ought to labour or be careful, but if God bless us with abundance, upon our moderate labour and care in our lawful callings, we must receive it thankfully, and as good stewards lay it up, to be bestowed on good uses, wither in our families, or in the Church and Commonwealth, as God in his providence shall offer us just occasion.

Works, vol. I, p. 769, vol. II pp. 125–8, vol. III, pp. 163–4.

23 Business Morality

RICHARD BAXTER

Richard Baxter (1615–91) is a prime source for Weber and Tawney. He repeats the now familiar warnings about covetousness, and recognizes that riches have a good use, but his final word echoes Perkins and a long line of Catholic moralists: 'Consider your everlasting state, and how much greater things than riches you have to mind.' Similarly he rejects fraud in business and urges charity towards the poor, but generally speaking he urges his readers to sell at the market price, unless the purchaser 'is not in want'. Baxter is certainly not making the market price invariably the Just Price,

but it should be remembered that in practice medieval traders could charge up to twice the Just Price before they were liable to prosecution. Nevertheless, Baxter does adopt a more flexible interpretation of the Just Price, without allowing an excessive price to be charged to any man. Charity and love for our neighbour must govern all commercial transactions. Traditional morality should still govern the market place, according to the preachers. The capitalistic spirit is not yet free from customary restraint.

SPECIAL CASES ABOUT JUSTICE IN BUYING AND SELLING

Question 1. Am I bound to endeavour that he whom I deal with may be a gainer by the bargain as well as I?

Answer. Yes, if you be equally in want; or in the like condition: but if he be very poor, and if you be rich, Charity must be so mixed with Justice, that you must endeavour that it be more to his commodity than yours (if he be indeed one that you owe Charity to). And if you be poor, and he be rich, you may be willing to be the only gainer yourself, so be it you covet not another's, nor desire that he be wronged: for when he hath power to deal charitably, you may be willing of his charity or kindness.

Question 2. May I desire, or take more than my labour or goods are worth, if I can get it?

Answer 1. Not by deceit, persuading another that they are worth more than they are. 2. Not by extortion working upon men's ignorance, error or necessity (of which more anon). 3. Not of anyone that is poorer than yourself, nor of anyone that intendeth but an equal bargain. 4. But if you deal with the rich, who in generosity or liberality stick not at a small matter, and are willing another should be a gainer by them, and understand what they do, it is lawful to take as much as they will give you.

Question 3. May I ask in the Market more than my goods are truly worth?

Answer. In the case last mentioned you may; but when you are selling to the rich who are willing to show their generosity, and to make you gainers: but then the honest way is to say, 'It is worth but so much, but if you will give me so much more because I need it, I will take it thankfully.' Some think also where the common custom is to ask more than the worth, and people will not buy unless you come down from your first demand, that then you may lawfully ask more, because else there is no trading with such people. My judgment in this case is this, 1. That ordinarily it is better to ask no more at all than a just gain:

and that the inconveniences of doing otherwise are greater than any on the other side: for he that heareth you *ask unjustly*, may well think you would *take unjustly* if you could get it, and consequently that you *are unjust*. 2. But this just gain lieth not always just in an indivisible quantity or determinate price. A man that hath a family to maintain by his trade may lawfully take a proportionable moderate gain: though if he takes less he may get something too: to be always just at a word is not convenient, for he that may lawfully get two or three shillings or more in the pound of the rich, may see cause to let a poorer person have it for less: but never ask above what it is reasonable to take. 3. And if you once peremptorily say 'I will take no less', then it is not fit to go from your word. 4. And if you do meet with such fools or proud gallants who will not deal with you unless you ask dear, it is just that when they have given you more than it is worth, you tell them so, and offer them the overplus again. And for them that expect that you abate much of your asking, it is an inconvenience to be born, which will be ever to your advantage when you are once better known.

Question 4. How shall the worth of a commodity be judged of?

Answer 1. When the Law setteth a rate upon anything (as on bread and drink with us) it must be observed. 2. If you go to the Market, the Market-price is much to be observed. 3. If it be in an equal contract, with one that is not in want, you may estimate your goods as they cost you, or are worth to you, though it be above the common price, seeing the buyer is free to take or leave them. 4. But if that which you have to sell be extraordinarily desirable, or worth to some one person more than to you or another man, you must not make too great an advantage of his convenience, or desire, but be glad that you can pleasure him, upon equal, fair and honest terms. 5. If there be a secret worth in your commodity which the Market will take no notice of (as it is usual in a horse), it is lawful for you to take according to that true worth, if you can get it. But it is a false rule of them that think their commodity is worth as much as anyone will give. . . .

(Objection.) But it is taken for granted in the Market that every man will get as much as he can have, and that *Caveat emptor* is the only security, and therefore every man trusteth to his own wit, and not to the seller's honesty, and so resolveth to run the hazard.

Answer. It is not so among Christians, nor infidels who profess either truth or common honesty. If you come among a company of cut-purses, where the match is made, look to thy purse and I will look to

mine, and he that can get most let him take it? Then indeed you have no reason to trust another; but there are no tradesmen or buyers who will profess that they look not to be trusted or will say 'I will lie and deceive you if I can'. Among thieves and pirates such total distrust may be allowed, but among sober persons in civil societies and converse, we must in reason and charity expect some truth and honesty, and not presume them to be all liars and deceivers, that we may seem to have allowance to be such ourselves. Indeed we trust them, not absolutely as saints, but with a mixture of distrust, as fallible and faulty men, and so as to trust our own circumspection above their words when we know not the persons to be very just. But we have no cause to make a Market a place of meer deceit, where everyone said 'Trust not me, and I will not trust thee, but let us all take one another for cheaters and liars, and get what we can'. Such censures savour not of charity or of just intentions. . . .

Question 11. May I take advantage of another's necessity to buy for less than the worth, or sell for more. As for example a poor man must needs have money suddenly for his goods, though he sell them but for half the worth: and I have no need of them: am I bound to give him the worth when I have no need? and when it is a great kindness to him to give him anything in that straight? So also when I have no desire to sell my horse, and another's necessity makes him willing to give more than he is worth, may I not take it?

Answer. To the first case: You must distinguish between an act of *Justice* and of *Charity*, and between your *need* of a thing, and the *worth* of it to you. Though you have no need of the poor man's goods, yet if you buy them, both Justice and Charity require that you give him as much as they are *worth to you*, though not so much as they are worth in the market: yea, and that you buy them of him in his necessity, for if you give him but what they are *worth to you* you are *no loser* by it and you should do another good when it is not to your own hurt or loss. By (what they are worth to you) I mean, so much as that you be no loser. As if it be meat or drink, though you have no present need, perhaps you will shortly have need, and if you buy not that, you must buy as much of somewhat else. In *strict justice* you may be a *saver*, but not a *gainer*, by buying of the poor in their necessity. 2. But if you buy a *durable commodity* for less than it is worth, you should take it but as a pledge, and allow the seller liberty to redeem it, if he can, that he may get more after of another. 3. And to the *poor* in such necessity *charity* must be exercised as well as *justice*. Therefore if you

are able to lend them money to save them the loss of underselling, you should do it. (I account that man only *able* who hath money which no greater service of God requireth). And if you are not able yourself, you should endeavour to get some others to relieve him, if you can without a greater inconvenience.

And for the second case, it is answered before; you may not take more than it is worth, even the more for another's necessity, not in any other case than you might have done it in if there had been no such necessity of his.

Question 12. May I not make advantage of another's ignorance or error in bargaining?

Answer. Not to get more than your commodity is worth, nor to get his goods for less than the worth: no nor to get the true worth against *his will* or with *scandal*: but if it be only to get a true worth of your commodity when he is willing, but would be offended if his ignorance in some point were cured, you may so make use of his ignorance to a lawful end as is said before in the case of concealing faults.

Question 13. May I strive to get before another to get a good bargain which he desireth?

Answer. Yes, if you do it not out of a greedy mind, nor to the injury of one that is poorer than yourself. You should rather further the supply of your neighbour's greater needs, otherwise speed and industry in your calling is no fault, nor yet the crossing of a covetous man's desires: you are not bound to let every man have what he would have . . .

All love of the creature, the world, or riches is not sin. For

1. The works of God are all good, as such: and goodness is amiable . . .
3. They are naturally the means of sustaining our bodies, and preserving life, and health, and alacrity.
4. The creatures are necessarily means to support our bodies, while we are doing God the service which we owe him in the world: And so they must be loved as a means to his service: Though we cannot say properly that Riches are ordinarily thus necessary . . .
6. Riches may enable us to relieve our needy brethren, and to promote good works for Church and State . . .

Others are thought covetous because they are laborious in their calling, and thrifty, and saving, not willing that anything be lost. But all this is their duty. If they were Lords or Princes, idleness and waste-

fulness would be their sin. God would have all men labour in their several callings that are able. And Christ himself said, when he had fed many thousands by a miracle, yet 'Gather up the fragments that remain, that nothing be lost'. The question is how they use that which they labour so hard for, and save so sparingly. If they use it for God, and for charitable uses, there is no man taketh a righter course.

It is the best servant of God, that will be laborious and sparing that he may be able to do good . . .

Believe unfeignedly that thou must dwell for ever in Heaven or Hell as thou makest thy preparation here, and consider of this as becometh a man, and then be a worldling and covetous if thou canst. Riches will seem dust and chaff to thee, if thou believe and consider thy everlasting state. Write upon the door of thy shop and chamber 'I must be in heaven or hell for ever' or 'this is the time upon which my endless life dependeth' . . .

Remember also that riches are transitory. Is it any great matter whether thou be rich or poor, that thou art going so fast into another world, when these are things of no significance? Tell me, if thou were sure that thou must die tomorrow (yea, or the next month or year) wouldst thou not be more indifferent whether thou be rich or poor? . . .

Remember that Riches do make it much harder for a man to be saved, and the love of this world is the commonest cause of men's damnation. This is certainly true, for all that poverty also hath its temptations: and for all that the poor are more numerous than the rich. For even the poor may be undone by the love of that wealth and plenty which they never get: and they may perish for over-loving the world, that never yet prospered in the world. And if thou believe Christ, the point is out of controversy: for he saith Luke 18: 24–27 'How hardly shall they that hath riches enter into the Kingdom of God' . . . I know that if God put riches into your hand, by your birth, or his blessing, or your honest labours, you must not cast away your Masters talents because he is austere but by a holy improvement of them, you may further his service and your salvation. But this is no reason why you should over-love them, or desire and seek so great a danger. Believe Christ heartily and it will quench your loss of riches . . .

If you desired riches but for the service of your Lord and have used them for him, and can truly give in this account that you laid them not out for the needless pleasure or pride of the flesh, but to furnish your selves, and families, and others for his service and near as you could employ them, according to his will, and for his use, then you may

expect the reward of good and faithful servants. But if you desired and used them for the pride and pleasure of yourselves while you lived, and your posterity or kind when you are dead, dropping some inconsiderable crumbs for God, then you will find that Mammon was an unprofitable master, and godliness with content would have been greater gain . . .

A Christian Directory:
or a Summ of Practical Theologie and Cases of Conscience
pp. 120–2 and 254–60 *passim*
London 1673

24 Riches and Diligence

RICHARD STEELE

The audience of Richard Steele (1629-92), Nonconformist divine is the small shopkeeper, not the great commercial magnates of his day, with their holdings of East India stock and worldwide trading connexions. The shopkeeper must direct all his energies to 'the honour of God, the public good, as well as your private commodity'. At the very end of the seventeenth century, on the threshold of the Industrial Revolution, Richard Steele repeats the traditional morality to his audience. The ambitious businessman, the speculator, would find little incentive in the message of Puritans like Richard Steele. Soon gradually and probably unconsciously, a less rigid attitude makes its appearance, but by then, in England at least, commercial and financial capitalism, the prerequisition for the Industrial Revolution, are well rooted. The traditional message was lost sight of during the Enlightenment and the Industrial Revolution, but in the nineteenth century the harshness of industrial society sent some men to search back into the rejected past and others to look forward to a revolutionary future to undo the evils they found.

Shake off then the lethargy that hath benumbed you, mind your Business, revive your love to your lawful Calling; reclean yourselves to be most easy and happy in your shop and business, and drive the nail whilst it is going. But direct all to a right, the honour of God, the Public Good as well as your Private Commodity, and then every step and stroke in your Trade is sanctified. You are working for God, who will be sure to reward you to your heart's content. . . .

The Tradesman ought to watch against *Covetousness* as a Sin most repugnant to Contentedness, as is placing the Scriptures before mentioned. Hebrews 13, v. 15. By Covetousness I mean here, any insatiable desire of Riches, when a man will be rich, or else thinks he cannot be happy. And this restless desire, where it is kindled in the Tradesman's heart, perpetually torments him; and he hath no content in what he hath, for the loving he hath for more. This makes him grudge himself Conveniences, scant his Family if necessary, forget the poor, and neglect his precious Soul to get Money, grasps after the shadow, and loses the substance. Now what a madness is this? Do Riches make a man more wise, more holy, more cheerful, more happy any way? But only that, when they are rightly got, they may enable a man to do good . . .

You may ask, May not a Man aim at Riches by his Calling, that he may have some ease in his old age, etc. Answer. An End is subordinate, or ultimate, a next end, or a last end. You may desire to get an estate, but not merely for your own sake, but chiefly for God's sake; not so much that ye may live at ease, but that ye may do good thereby.

The Tradesman's Calling, being a Discourse concerning the Nature, Necessity, Choice, etc. of a Calling in General and Direction for the right Managing of the Tradesman's Calling in Particular
pp. 92, 177, 204
London, 1684

II

Usury

In modern usage usury signifies the taking of excessively high interest on a loan. The scholastic definition was very different: 'Whatever exceeds the principal (*the sum loaned*) is usury.'

Weber did not raise the question of usury in *The Protestant Ethic*, but as soon as the debate was broadened there was general recognition that attitudes towards usury were bound up with the advance of capitalism. The medieval Church, it was contended, officially forbade the taking of interest, though commercial pressures did oblige it to make certain concessions. The Calvinist Churches, on the other hand, followed the revolutionary approach of Jean Calvin, and permitted the faithful to charge interest on loans, so greatly facilitating the development of the modern free market in money, which is crucial to modern capitalism.

The intention of this section is to discuss the medieval and Calvinist attitudes in more detail, in the light of recent study.

One of the most important of these has been J. T. Noonan's *The Scholastic Analysis of Usury* (1957), and much of this introduction is based upon his invaluable work. Noonan rejects the view that the basic medieval argument against usury was that of Aristotle, namely that money was sterile and could not itself be a source of income. The basic scholastic thesis rested on a fundamental belief (see p. 89) that ultimately all forms of human activity must be judged by natural law. Usury was wrong because it was unjust. The Aristotelian argument was subsidiary, and when it was rejected in the fifteenth century the scholastic position was not thereby undermined. Aquinas (see p. 126) clearly states this view that usury was theft, and contrary to justice.

All scholastic writers agreed that usury was both a sin and a crime, punishable not only by canon law but also by the secular law of many countries. When they permitted interest to be taken in certain circumstances they were not trying to ease the conscience of wealthy merchants, or to make Christian moral theology more acceptable by judiciously watering it down. Scholastics did not deny that usury was contrary to the word of God, but they were increasingly prepared to

look with favour upon the new form of business contracts evolved during the commercial expansion of the Middle Ages. They were able to do this not by denying the basic analysis of usury but by extension of a distinction which had existed from the beginning. *Usury* was forbidden but *interest* was licit, though initially titles to interest were few. The extension of these titles to interest allowed the merchant to profit on certain types of monetary transactions. In practice, the distinction often seemed over-subtle and led to contradictions and inconsistencies but the medieval conscience seems to have been quite at ease if the strict letter of the law was observed. In the course of the sixteenth century, however, the inconsistencies, as well as the inherent problems in applying legal and philosophical criteria to economic problems, led to a growing tendency to ridicule the traditional analysis. By the eighteenth century this analysis, though theologically still binding, had little practical effect, though it was not until the early nineteenth century that the Holy Office officially allowed confessors to absolve penitents who had lent money at the legal rate.

The original justification for interest was that interest was compensation for loss sustained by the lender; compensation, not profit, was the formal distinction. Even compensation could be sought only if the loan had originally been gratuitous and if the lender had neither hoped nor intended to receive any return for making the loan.

Delay was the most usual reason for compensation. It was reasonable that if the debtor delayed repayment after the agreed date that the lender should obtain some compensation for a real loss of his money. More controversial was the question whether he could also seek compensation for profits lost by being denied use of his money after the stipulated date. The first case, known as *damnum emergens* (loss arising), was accepted by most authorities. The second, *lucrum cessans* (profit ceasing), worried many theologians because it seemed that a fundamental argument was called in question: it implied that money could be a source of gain.

One of the most significant advances in usury theory came when it was suggested that delay as a title to interest should be reckoned from the beginning of a loan. The earlier requirements that the debtor should have defaulted before compensation could be claimed was abandoned. The revised title did not command general acceptance until late in the fifteenth century, after it had been endorsed by two important authorities, San Bernadino of Siena and St Antoninus of Florence. The modern idea of interest had been brought a step nearer.

In theory two important provisions greatly restricted the potential consequences of this new title. It was applicable only in the case of loans to distressed neighbours, not to loans made for business purposes, and the lender must not have wanted to make a profit. In intention the loan must be gratuitous, even though the lender knew that he could claim compensation. Such a fine distinction might, in practice, turn into an unqualified belief that interest was licit.

The Church allowed merchants to pool their money in a company (*societas*) to ship and sell goods, even if one or more of the partners was not actively engaged in organizing the trade. To invest money solely to finance a sea voyage (*navigante*) was, however, forbidden. The distinction between the two was slight and in any case invoked an inconsistency in scholastic attitude. The company was permitted and the sea voyage partnership condemned because it was held that risk was involved in the former, but not in the latter. The risk arose from the buying and selling side of the enterprise; why risk could not be extended to the at times hazardous voyage, it is difficult to follow. The element of risk, it was argued, meant that the sum invested had not been loaned in the proper sense of the word because risk implied that ownership was retained. If use and ownership were not sold, there could be no usury. The inconsistency arises from the fact that elsewhere in usury theory risk could not be used to disprove the transfer of use and ownership. Although it is true that in general risk was not a title to interest, there is evidence that in practice merchants used this as a rule of thumb to decide whether deals were usurous. For example in 1390 the mayor and aldermen of the city of London qualified an ordinance of 1360 against usury in the following words: 'If a person shall lend, or put into the hands of any person, gold or silver, to receive gain thereby or a promise for certain gain without risk', then usury had been committed.

Many great medieval merchants combined banking and foreign exchange transactions with trade in commodities. It is clear that by the late Middle Ages no social stigma attached to such great bankers, the friends of princes, and popes. Though the records make it clear that strictly speaking they committed usury in their banking and exchange operations, they were never ranked with the common usurer. That opprobrious title fell solely on the small, full-time moneylender. Usury was only incidental in the affairs of such international companies as the Medici.

Government funded debts, of which the Florentine *Mons* was one

of the best known, and the *census* (annuity) were two other forms of investment. Frequently compulsion was pleaded as a legitimate title for interest in the first case, and no official condemnation was forthcoming. Though theologians were even more unhappy about the *census*, whether on a private individual's or the Church's lands, or on municipal revenue controversy was terminated by Papal Bulls of 1425 and 1455.

The Florentine *Mons* must be distinguished from the *Mons Pietatis*. The latter was originally a form of public pawnshop, to provide loans to the poor at a low rate of interest. Introduced by the papal governor of Perugia in 1462, it has been estimated that by 1509 there were eighty-seven such schemes in the peninsula. Previously municipal authorities in several parts of Europe had licensed a few individuals to act as moneylenders, preferring to restrict and organize a practice which they could not prohibit. Tawney mistook the Florentine licence fee for fines on usurers. Such a licence was contrary to canon law, and research suggests that such a scheme operated only in the more advanced areas of Europe. Elsewhere, as in medieval England, State and municipal authorities worked together to make moneylending illegal. Commercial records demonstrate that such efforts were unavailing.

The significance of papal recognition in 1516 was soon greatly extended. The six per cent charged to borrowers did not cover the expenses of the scheme, though this was the main argument used by its defenders to justify the taking of interest. Gifts to swell the available funds were negligible, and soon the *Montes* accepted loans at interest from those with surplus capital. But by the end of the sixteenth century another important trend was apparent. The *Montes* ceased to supply money for the poor alone, and began to advance money at a higher rate of interest to businessmen. In other words, the *Montes* evolved from a public pawnshop for the poor into a semi-official bank. The formal arguments against usury were retained but the titles of *lucrum cessans* and *damnum emergens* had been stretched to justify professional moneylending. Though the arguments were logical, this apparent inconsistency helped to bring the traditionalist attitude into disrepute.

The theological analysis of exchange operations bore most directly on commerce. It was simpler and safer to transfer money from place to place by letter of exchange than to transport the money physically. Often the operation involved the granting of credit. The bill of exchange was vital for international trade, but theologians remained suspicious. Business records show that these suspicions were justified:

indeed one form of operation, the 'dry exchange', used the bill of exchange to disguise a simple loan at interest; the bill of exchange was only to throw the authorities off the scent. Theologians were unmoved by economic arguments, though it is clear that some of them, for example St Antoninus of Florence, had a sound grasp of commercial practices. Nevertheless he forbade any exchange transactions which involved credit. The straight exchange between countries was permitted, and the dealer could keep the profit resulting from variation in the rate as recompense for his labour, risk and expenses. Illogically St Antoninus rejected *lucrum cessans* in this context, though he did permit it as a title in a charitable loan for consumption. St Antoninus represents the high-water mark of the first period of usury analysis. From the late fifteenth century, though the formal prohibition was stoutly defended, theologians seem to have been slightly less rigorous in the application of these principles; the treatment of the *Mons Pietatis* is a case in point. The same attitude is expressed in the later treatment of exchange operations. After Cardinal Cajetan (1469–1543), exchange operations did not interest theologians much, and the ecclesiastical opinions were no longer a serious obstacle to the market in money. Certain of the new arguments contradicted the old view that money was sterile, but it has been suggested earlier that this contradiction did not undermine the basis of the scholastic theory.

The most celebrated sixteenth-century financial development, however, related to neither exchange operations nor the mixed *Montes*. J. T. Noonan has described the evolution of the Triple Contract and slow ecclesiastical recognition of it as 'the most momentous of all modifications of the scholastic position'. The Triple Contract brought together two operations which had long been recognized as licit: the insurance and the partnership. As its name indicates, there were three separate contracts in the Triple Contract: (i) a partnership, (ii) insurance of the principal in return for a fixed share of the profits, and (iii) a guarantee of a fixed return on the investment. John Eck (1486–1549), best known for his confrontation with Martin Luther, had previously attracted attention by his bold defence of the Triple Contract at the University of Ingolstadt in 1514. The following year he defended his position in a five-hour debate at the University of Bologna, the leading European centre for the study of Canon and Roman Law.

In 1581 the second Congregation of the Jesuits at Rome ended the recently reawakened debate and declared the Triple Contract was licit. Five years later, however, Papal Bull *Detestabilis Avaritia* (detestable

avarice) apparently contradicted this decree. The prohibition came too late. Almost immediately canon lawyers and theologians found legal flaws in the Bull which appears to have had no perceptible effect and by the beginning of the seventeenth century debate on the Triple Contract was to all intents and purposes quite dead.

Acceptance had important consequences. Though the old criteria that the investor must not seek a profit from his loan was reiterated, in practice the way had been opened to virtual freedom of business investment. Provided that certain legal formalities were observed it was now permissible for non-mercantile capital to be channelled in to business.

Though risk had never been an official title to interest, except in the *Societas*, it was finally banished by the acceptance of the Triple Contract. Equally important was its share in the final rejection of the old sterility of money theory. In fact such a view had been undermined in the *Societas*, but after the sixteenth century only the most conservative authorities continued to employ this argument.

By the end of the sixteenth century the official attitude towards usury was unchanged. In practice extension of the old extrinsic titles had allowed the merchant, and the non-merchant, many outlets for their capital in insurance, the business partnership, annuities, official banks, exchange operation and the new Triple Contract. Professor de Roover suggests on p. 103 some of the ways the Church's attitude had influenced banking and trade; certainly there appear to be few grounds for asserting the old view that it was the Church which prevented the expansion of trade in the Middle Ages.

It is rarely that the historian can glimpse the motives of a medieval merchant. Business records from many countries make it plain that numerous merchants transgressed the strict interpretation of what constituted usury. On the other hand, the prevalence of testamentary restitution of doubtful profits at least until the fourteenth century shows that the teaching was not ignored, and that merchants realized their error. Restitution is generally held to become less common after the fifteenth century, though this topic still awaits full investigation. Whether this implies that moral scruples became less common, or that merchants generally believed that they had right on their side it is impossible to decide. There is certainly evidence to suggest that the popular interpretation of usury permitted practices which strictly speaking should have counted as usury.

Successful and by all accounts hardheaded businessmen often did try

to follow the teaching of the Church. Francesco Datini (1375–1410), a wealthy merchant from Prato, near Florence, was scrupulous to avoid any contract which he regarded as usurous. Almost two centuries later Simon Ruiz (1526–97), a Spanish merchant, revealed an equally tender conscience. Possibly Ruiz was unusual at such a time; there is certainly evidence of real piety. In 1577 a merchant writing to the Fuggers mentioned, with apparent surprise, a recently deceased Genoese merchant whose 'conscience was so tender' that he scrupulously avoided all transactions 'against which theologians and preachers write and declaim'. Little is known about the attitude of merchants and popular Catholic preachers in the sixteenth and seventeenth century, and it may be that study of leading theologians gives a false impression of general opinion. There is certainly some evidence to suggest that the relaxation and innovation allowed by theologians is unrepresentative not only of backward regions but also of certain conservative-minded clergy. Robertson has suggested that some seventeenth-century French clergy had 'progressive' economic ideas, but when the scrupulous Louis XIV arranged a meeting between some of the leading theologians from the Sorbonne and a group of his lay advisers to discuss the problem of interest, the theologians affirmed the traditional position, declaring that the Scriptures forbade all usury, citing the same tracts as contemporary English Puritan writers.

In fact from the sixteenth century Catholic France permitted interest subject to a progressively reduced legal maximum. The same holds for England. In 1545 a new statute sanctioned interest up to ten per cent. Seven years later the extreme Protestant government of Edward VI repealed this statute, but this was contrary to the general European trend; before this time Calvin established his position in Geneva where the city fathers allowed five per cent interest, while in 1540 the government of the Low Countries permitted a rate of twelve per cent. It was not surprising that in 1571 the English Parliament returned to the situation of 1545–52.

Some historians have contended that the Puritan clergy in the seventeenth century had a much more permissive attitude towards the taking of interest than their Catholic counterparts. Weber did not concern himself with this aspect of the Protestant ethic but Tawney, quite rightly, emphasized that early Puritan teaching on this point was quite traditional. Indeed, in many respects, the Puritan attitude towards usury was stricter than that of certain Catholic theologians.

The point that it is misleading to use late seventeenth-century

sources to illustrate earlier Protestant thought has already been raised. The relatively permissive attitude of Richard Baxter was not typical of his predecessors. But in this context there is a very important earlier authority whose views were very close to those of Baxter: Jean Calvin himself.

Historians have often referred to Calvin's views on usury as a 'turning point' in the story of usury. Recent detailed investigations of Calvin's teaching have endorsed this traditional judgment, but have shifted its implication. The earlier account of Catholic attitudes has suggested that in practice the consequences of the official analysis had a less constricting effect than was once believed. Calvin rejected Aristotle and the assumption of the scholastic position and declared that the Scriptures did not forbid usury to all men, but only to the Jews; an entirely novel approach to the question. Nevertheless, in practice, Calvin imposed restrictions on the taking of interest which strongly qualified his general thesis, and he clearly wished that usury would disappear from the face of the earth. But many later Calvinists rejected Calvin's views on this question, and in practice the restrictions Calvin wished to impose would have given the Protestant little more freedom than that already enjoyed by his Catholic counterpart. Calvin's approach is therefore a turning point in the history of the idea of usury, but not a turning point in economic history.

In the United Provinces and in England Calvin's lead was not followed. In areas where Lutheranism was strong, the medieval views were affirmed. Luther's social and economic conservatism has often been justifiably emphasized.

Protestantism, even in its Calvinistic form, was not monolithic in doctrine, and it is always an oversimplification to suggest a 'typical' Puritan attitude towards any question, moral or theological. But William Ames (1576–1633) was the only English Calvinist to follow Calvin's lead, and Ames spent most of his adult life in the United Provinces. Representative of the majority attitude in the period before the Restoration is Miles Mosse whose celebrated *Arraignment and Conviction of Usury* was first given in sermon form in the 1590s. His fervour and images are medieval, as are his assumptions. Compensation may be claimed from 'the appointed day of payment', but in other ways his was stricter than advanced Catholic opinion. He rejects what appeared to be a popular criterion of usury by stressing that it is not only excessive or 'biting' interest which was forbidden; nothing may be demanded above the principal.

Except for Ames, and some guarded comments by William Perkins, the consensus of Puritan opinion before 1660 was against the taking of interest on loans. Perkins, for all his concern for moral theology, had little to say on this question. The admittedly inadequate subject index for the three volume *Works* lists Usury only four times, to eighty-six and eighty-five for Calling and Grace respectively and thirty-four for Predestination. The usual opinion was that the taking of interest on loans was not only forbidden by the Scriptures but was also contrary to charity and neighbourliness; a loan must be gratuitous; the welfare of society at large transcends individual gain. Professor Hyma argues that strict Calvinist opinion in the United Provinces was equally anti-capitalist in this respect.

Tawney argues, and a later work, R. B. Schlatter's *The Social Ideas of Religious Leaders 1660–85* (1940), endorsed his opinion that after 1660 Nonconformists, the heirs of the Puritan tradition, generally adopted a more tolerant attitude towards usury, part of a wider tolerance for commerce and riches which is discussed in the following section. At long last Calvin's approach became common and the distinction, rejected by earlier writers, between moderate, reasonable interest rate and excessive, or 'biting' usury, was accepted. To charge high interest to the poor and needy was still morally wrong, however. The notorious Nonconformist permissiveness stressed by Tawney, was in reality little greater than that of the stern disciplinarian, Jean Calvin, over a century before. By 1700 merchants and 'economists' ignored such moral arguments: it mattered little that the Churches had slightly relaxed their teaching when, in this respect, their teaching was of little practical effect.

25 Usury and Justice

ST THOMAS AQUINAS

St Thomas Aquinas here states what was to be one of the basic arguments of scholastic writers on usury.

To take usury for money lent is unjust in itself, because this is to sell what does not exist, and this evidently leads to inequality which is contrary to justice.

In order to make this evident, we must observe that there are certain

things the use of which consists in their consumption; thus we consume wine when we use it for drink, and we consume wheat when we use it for food. Wherefore in suchlike things the use of the thing must not be reckoned apart from the thing itself, and whoever is granted the use of the thing, is granted the thing itself; and for this reason, to lend things of this kind is to transfer the ownership. Accordingly if a man wanted to sell wine separately from the use of the wine, he would be selling the same thing twice, or he would be selling what does not exist, wherefore he would evidently commit a sin of injustice. In like manner he commits an injustice who lends wine or wheat, and asks for double payment, viz. one, the return of the thing in equal measure, the other, the price of the use, which is called usury.

On the other hand there are things the use of which does not consist in their consumption; thus to use a house is to dwell in it, not to destroy it. Wherefore in such things both may be granted; for instance, one man may hand over to another the ownership of his house, while reserving to himself the use of it for a time, or vice versa, he may grant the use of the house, while retaining the ownership. For this reason a man may lawfully make a charge for the use of his house, and, besides this, revindicate the house from the person to whom he has granted its use, as happens in renting and letting a house.

Now money, according to the Philosopher (*Ethics* v. 5, *Pol.* 1, 3), was invented chiefly for the purpose of exchange: and consequently the proper and principal use of money is its consumption and alienation whereby it is sunk in exchange. Hence it is by its very nature unlawful to make payment for the use of money lent, which payment is known as usury, and just as a man is bound to restore other ill-gotten goods, so is he bound to restore the money which he has taken in usury.

Summa Theologica
vol. x, pp. 330–1
Burns and Oates 1929

26 A Canon Lawyer and Lucrum Cessans

CARDINAL HOSTIENSIS

The most famous canon lawyer of the thirteenth century, the St Thomas Aquinas of the canonists, Cardinal Hostiensis seems to be the first major scholastic to allow lucrum cessans *as a title to interest on a loan.*

For, in what is added to the principal, the seeking of interest is not prohibited, but only the seeking of shameful gain or of other illicit increment, as appears in Causa 14, Q. 4, *Si oblitus*. Therefore, I think from the intention of the above laws, that if some merchant, who is accustomed to pursue trade and the commerce of the fairs and there profit much, has, out of charity to me, who needs it badly, lent money with which he would have done business, I remain obliged from this to his *interesse*, provided that nothing is done in fraud of usury, as appears in what is noted in *Supra eo tuas, in fine*, and provided that said merchant will not have been accustomed to give his money in such a way to usury.

Commentaria super libros decretalium, V, De Usuris
trans. J. T. NOONAN in *The Scholastic Analysis of Usury*
p. 118
Harvard University Press 1957

27 Lucrum Cessans

ST ANTONINUS OF FLORENCE

St Antoninus rejects all claims to usury. He follows the Canonist Cardinal Hostiensis rather than the theologians in admitting lucrum cessans *as a title to licit interest. Illogically, however, he would not apply this principle to credit sales. After Antoninus* lucrum cessans *is recognized by most theologians.*

I believe that anyone can claim compensation, not merely for the harm done him, but also for the gain he might have obtained, if he be a merchant accustomed to engage his money in business. The same holds good, even if he be not a merchant but have only the intention of investing his funds in lawful trade; but not if he be a man who hoards his wealth in coffers.

Quoted in BEDE JARRETT
St Antonino and Mediaeval Economics
p. 65
Manresa Press, London 1914

28 A Usurer makes Restitution: Fourteenth-century Siena

All my goods are not sufficient for the restitution of the gains wrongfully and usuriously made by me. So many are the usurious and evil acquisitions made by me that they exceed my goods. I wish and order that all my goods should be sold, alienated and turned into money and be given in restitution and for restitution of the usurious and wrongful gains made by me.

Quoted in W. HEYWOOD
Ensamples of Fra Filippo
p. 154
Siena 1901

29 Usury and the State: Siena

Certain governments, notably in the advanced commercial regions of the Low Countries and Italy, did not give absolute support to the ecclesiastical ban on usury but preferred merely to restrict its incidence by granting licences to some individuals, frequently Jews and Lombards, to lend money at interest. Some historians, notably R. H. Tawney, have mistaken the fees paid for a licence to lend money for a fine levied on convicted usurers.

An example of a civil licensing system comes from Siena in 1339, as recorded by the chronicler Andrea Dei.

On the 11th September, 1339, it was resolved in the Consiglio della Campana that no person in Siena or in the Contado should be allowed to lend money at usury in any way unless he had first inscribed himself in the *Libro detto Usuriaio di Bicchema* [Book called 'Usurer' in the city Treasury] provided for that purpose, under a penalty of 300 lire for each offence, and loss of the principal.

Quoted in W. HEYWOOD
Ensamples of Fra Filippo
p. 152
Siena 1901

30 Usury in Fifteenth-century London

In England until 1545 usury was forbidden by the civil authorities, and the City of London enacted bylaws to prevent the practice. How prevalent usury was in England before 1545 it is impossible to say, in the absence of the notarial records and private accounts which are a rich source for European economic history. The law was enforced at times, however, and the court records show how usury was concealed by false contracts of sale. An example comes from a case heard in London in 1421.

Thomas Selawe, grocer, was attached to answer Simon Marchford, clerk, on a contract of false chevisance (lending of money) and usury, wherein the latter complained that on 14th February 1415 the defendant, by John de Maryns, broker, sold to him a quantity of pewter and grain for £120, which never left the vendor's possession, and then bought it back for £95, which was delivered by the plaintiff, who bound himself to repay £120 under the security of Thomas Bridlyngton and Thomas Sutton, tailors.

The defendant was found guilty by a jury, and committed to prison until he repaid the plaintiff £25, and paid a like some to the Chamber (Treasury of the City of London) for his contempt.

Calendar of Plea and Memoranda Rolls 1413–1437
ed. A. H. THOMAS
pp. 106–7
Cambridge U.P. 1943

31 Usury is not now Unlawful

JOHN CALVIN

John Calvin (1509–64), the French Reformer, was the first theologian to deny that usury per se *was contrary to the word of God. His approval was moderated by several qualifications and in practice he gave the merchant little more freedom than that permitted by a liberal Catholic theologian of that time. But his forthright rejection of traditional arguments against usury was an important stage in Protestant attitudes towards the question. Few Calvinist writers of his own and the next generation were happy with Calvin's views (see p. 133) but merchants now had an influential advocate.*

I have, then, admonished men that the fact itself is simply to be considered that all unjust gains are ever displeasing to God, whatever colour we endeavour to give to it. But if we would form an equitable judgment, reason does not suffer us to admit that all usury is to be condemned without exception. If the debtor has protracted the time by false pretences to the loss and inconvenience of his creditor, will it be consistent that he should reap advantage from his bad faith and broken promises? Certainly, no one, I think, will deny that usury ought to be paid to the creditor in addition to the principal, to compensate his loss. If any rich and monied man, wishing to buy a piece of land, should borrow some part of the sum required of another, may not he who lends the money receive some part of the revenues of the farm until the principal shall be repaid? Many such cases daily occur in which, as far as equity is concerned, usury is no worse than purchase. Nor will that subtle argument of Aristotle avail, that usury is unnatural, because money is barren and does not beget money; for such a cheat as I have spoken of, might make profit by trading with another man's money, and the purchaser of the farm might in the meantime reap and gather his vintage. But those who think differently may object, that we must abide by God's judgment, when he generally prohibits all usury to his people. I reply, that the question is only as to the poor, and consequently, if we have to do with the rich, that usury is freely permitted; because the Lawgiver, in alluding to one thing, seeks not to condemn another, concerning which he is silent. If again they object that usurers are absolutely condemned by David and Ezekiel, I think that their declarations ought to be judged of by the rule of charity; and therefore that only those unjust exactions are to be condemned, whereby the creditor, losing sight of equity, burdens and oppresses his debtor. I should, indeed, be unwilling to take usury under my patronage, and I wish the name itself were banished from the world; but I do not dare to pronounce upon so important a point more than God's words convey. It is abundantly clear that the ancient people were prohibited from usury, but we must needs confess that this was a part of their political constitution. Hence it follows, that usury is not now unlawful, except in so far as it contravenes equity and brotherly union.

Commentaries on the Four Last Books of Moses
trans. C. W. BINGHAM
vol. I, pp. 150–1
London 1852

32 Comment on Calvin

ANDRÉ BIÉLER

Several writers in the Weber–Tawney debate made use of Calvin's view on usury, but it was not until 1959 that the first full study of Calvin's social teaching was published, in a volume written by André Biéler, a Swiss pastor trained in economics and theology. Note that for Calvin, as for medieval Catholic writers, excessive interest was a sin against charity, and this emphasis is retained by Protestant writers in the sixteenth and seventeenth centuries.

The Town Council of Geneva had authorized the taking of interest in 1538, before Calvin was established in Geneva.

First of all we must note that Calvin did not purely and simply set aside the Biblical texts used by previous Christian doctors who condemned the practice in order to justify the loan at interest. He did not even give a very different interpretation of these texts from his predecessors. But he was more realistic and, enriched by a knowledge of the world and of economic reality that the others did not possess, he was able to see more clearly. He realized very quickly that these Biblical texts could not be applied to certain new economic realities. He made an important distinction between the loan in kind on the one hand, and the loan for production on the other. The former, being only a loan of assistance, and unproductive for the debtor, warrants no compensation. In the case of the latter, also called the business loan, the debtor could make a profit, when he adds his own labour, so it is permissible to recompense him. Actually there is no such difference between these two sorts of loans, and it could be contended that the second is not included in the Scriptural idea. But Calvin was right to notice that the Old and New Testament texts that deal with loans at interest really concern the former. . . .

In order to give these passages all the meaning added by the general context of the Bible, and to avoid the narrow and legalistic interpretation that is often given to Scriptural texts taken out of context and applied to particular topics, Calvin begins by recalling, in his Commentaries, two vital points of Christian teaching: (1) The brotherhood of the human race, which is expressed by the interchange of goods; (2) The Christian ideal of social justice, according to which what is just is not only that which conforms to written laws, but that

which springs from charity. It is an unjust act to fail to give to someone what charity requires that he should be given.

Except for Calvin the Reformers remained true to the medieval tradition on this point. They condemned interest, but allowed a few recognized exceptions. The Genevan Reformer, guided by his own thoughts and a solid legal training, was familiar in Geneva with the practice of moneylending at a reasonable rate, fixed by sensible legislation (in 1538 the rate was fixed at five per cent) and by quite moderate business activities. . . .

It may be contended that Calvin, and then Dumoulin, found themselves at a turning point in history, because they are one of the stages in the evolution from the old concept of economic life, which examined its relations with man from an ethical, theological or philosophical viewpoint, and the modern method of scientific analysis, which is concerned almost exclusively with the physical objectiveness of facts, with their relationship, and with quantitive measurement of them. . . .

What, above all, characterizes the teaching of Calvin, as well as what has been mentioned above, is his refusal to objectify the economic relationship between lender and borrower, and his willingness to use as evidence not only the moral relationships between men which are created by economic links, but also their spiritual responsibility, before Christ. It is perhaps on this point that Calvin stands most apart not only from the medieval morality of Thomas Aquinas, but also from the Protestant ethic of his contemporaries and his predecessors. The loan at interest, above all, is not for him an economic question, nor an act belonging to ethics, but rather a fact that puts man before God in a personal action for which he alone is responsible; a fact whose true nature can be made known and measured only in the charity of Christ, which gives to everything its true identity.

La Pensée Economique et Sociale de Calvin
pp. 455–76 *passim*
Georg, Geneva 1961

33 Calvin and the English Lawyer

THOMAS WILSON

English Protestant writers in the sixteenth and seventeenth centuries had a great respect for Calvin, but they did not treat his ideas as Holy Writ, and the

majority did not take over his acceptance of usury. A typical comment is made by the Preacher in the important Discourse Upon Usury *written in 1572. The appeal the Preacher makes to the Fathers and the 'Catholic Court of Christendom' is echoed by many Protestant writers, who quote with approval scholastics such as Aquinas, Hostiensis and Antoninus, as well as the Scriptures.*

The Discourse Upon Usury *is unusual for being written by a layman, the Roman lawyer Thomas Wilson. Wilson was highly experienced in commercial and diplomatic affairs, but the 'Discourse' makes no concessions to expediency in its whole-hearted condemnation of usury in this wholly traditional work.*

I do honour both Calvin and Bucer, as the chosen vessels of God, and yet I am not bound to any opinion of theirs, otherwise than the Scripture doth declare. Neither are these true, because they have so said, but because the truth of God, which was before them, hath been so uttered. And I know they did never directly allow of usury, but by circumstance forced to write their minds as they did for very necessity. I know the old Fathers have expounded usury as I do understand it, and therefore have forbidden it utterly, and the Catholic consent of Christendom hath agreed thereunto.

A Discourse Upon Usury, 1572
ed. R. H. TAWNEY
p. 352
Bell 1925

34 The Secular Approach to Usury

THOMAS WILSON

In the Discourse Upon Usury *the merchant is persuaded that usury is unjust and wrong. Defeated in this debate, his views were to prevail by the late seventeenth century.*

The Merchant: And I, for my part, am against you all that will have no usury, or will make the gain over little. For, I pray you, what trade or bargaining can there be among merchants, or what lending or borrowing among all men, if you take away the assurance and the hope of gain? . . . You see all men now are so wise, that none will lend for

moonshine in the water; and, therefore, if you forbid gain, you destroy intercourse of merchandise, you overthrow bargaining, and you bring all trading between man and man to such confusion, as either man will not deal, or else they will say they cannot tell how to deal one with another. . . .

We lend not for usury, but for interest, and by exchange, and I think no man can disallow either interest or exchange. . . . How can great masses of money be carried to far countries if bills of exchange be not current? Or who will be so mad to pay thousands in another country for moonshine in the water, to have nothing for his pains, but only his labour for his travail? Hope of gain makes men industrious, and, where no gain is to be had, men will not take pains.

Discourse Upon Usury, 1572
ed. R. H. TAWNEY (see No. 33)
pp. 249–50

35 Usury

WILLIAM PERKINS

THE ORDER OF THE CAUSES OF SALVATION AND DAMNATION

Usury, is a gain exacted by covenant above the principal only in lieu, and recompense of the lending of it. Usury being as it is considered as it is thus described, is quite contrary to God's word, and may very fitly be termed biting lucre [*quotes* Exodus 22:14; Ezekiel 18:8 and 2 Corinthians 8:13, 14]. And this usury, political laws do not only restrain, but no allow.

Question: Is it not lawful to take at sometime above the principal?

Answer: Yes, surely, with these conditions: I. If a man take heed that he exact nothing, but that which his debtor can get by good and lawful means. II. He may not take more than the gain, nay not all the gain, nor that part of the gain which drinks up the living of him that useth the money. III. He must sometimes be so far from taking gain, that he must not require the principal, if his debtor be by inevitable and just casualities brought behind, and it be also plain that he could not make, no not by great diligence, any commodity of the money borrowed.

The reasons why a man may take sometimes above the principal are:

1. That which the debtor may give, having himself an honest gain besides, and no man any ways endangered, that the creditor may safely receive.
2. It is convenient, that he which hath money lent him, and gaineth by it, should show all possible gratitude to him, by whose goods he is enriched.
3. It is often for the benefit of the creditor, to have the goods in his own hands which he lent.

Objection: Money is not fruitful, therefore it is unlawful to receive more than we lent out.
Answer: Albeit money in itself be not fruitful, yet it be very fruitful by the borrower's good use, as ground is which is not fruitful except when tilled.

Works, 1626
Vol. 1, p. 63

36 Usury, For and Against

FRANCIS BACON

A new approach to usury: Bacon is one of the first writers to discuss usury in economic rather than moral or theological terms.

Many have made witty invectives against usury. They say that it is pity the devil should have God's part, which is the tithe; that the usurer is the greatest Sabbath-breaker, because his plough goeth every Sunday; that the usurer is the drone that Virgil speaketh of: *ignavum fucos pecus a praesepibus arcent* (drive from their hives the drones, a lazy race); that the usurer breaketh the first law that was made for mankind after the fall, which was, *in sudore vultus tui comedes panem tuum* (in the sweat of thy face shalt thou eat thy bread); not, *in sudore vultus alieni* (in the sweat of the face of another); that usurers should have orange-tawny bonnets, because they do Judaise; that it is against nature for money to beget money, and the like. I say this only, that usury is a *concessum propter duritiem cordis* (a concession by reason of hardness of heart): for since there must be borrowing and lending, and men are so hard of

heart that they will not lend freely, usury must be permitted. Some others have made suspicious and cunning propositions of banks, discovery of men's estates, and other inventions; but few have spoken of usury usefully. It is good to set before us the incommodities and commodities of usury, that the good may be either weighed out, or culled out; and warily to provide, that, while we make forth to that which is better, we meet not with that which is worse.

The discommodities of usury are, first, that it makes fewer merchants; for were it not for this lazy trade of usury, money would not lie still, but would in great part be employed upon merchandising, which is the *vena porta* of wealth in a state; the second, that it makes poor merchants; for as a farmer cannot husband his ground so well if he sit at a great rent, so the merchant cannot drive his trade so well, if he sit at great usury: the third is incident to the other two; and that is, the decay of customs of kings, or states, which ebb or flow with merchandising: the fourth, that it bringeth the treasure of a realm or state into a few hands; for the usurer being at certainties, and others at uncertainties, at the end of the game most of the money will be in the box; and ever a state flourisheth when wealth is more equally spread: the fifth, that it beats down the price of land; for the employment of money is chiefly either merchandising, or purchasing, and usury waylays both: the sixth, that it doth dull and damp all industries, improvements, and new inventions, wherein money would be stirring, if it were not for this slug: the last, that it is the canker and ruin of many men's estates, which in process of time breeds a public poverty.

On the other side, the commodities of usury are, first, that howsoever usury in some respect hindereth merchandising, yet in some other it advanceth it; for it is certain that the greatest part of trade is driven by young merchants upon borrowing at interest; so as if the usurer either call in, or keep back his money, there will ensue presently a great stand of trade: the second is, that were it not for this easy borrowing upon interest, men's necessities would draw upon them a most sudden undoing, in that they would be forced to sell their means (be it lands or goods) far under foot, and so, whereas usury doth but gnaw upon them, bad markets would swallow them quite up. As for mortgaging or pawning, it will little mend the matter: for either men will not take pawns without use, or if they do, they will look precisely for the forfeiture. I remember a cruel moneyed man in the country that would say, *The devil take this usury, it keeps us from forfeitures of mortgages and bonds.* The third and last, is, that it is a vanity to conceive that there

would be ordinary borrowing without profit; and it is impossible to conceive the number of inconveniences that will ensue, if borrowing be cramped: therefore to speak of abolishing usury is idle; all states have ever had it in one kind or rate, or another; so as that opinion must be sent to Utopia.

To speak now of the reformation and reiglement of usury, how the discommodities of it may be best avoided, and the commodities retained. It appears, by the balance of commodities and discommodities of usury, two things are to be reconciled; the one that the tooth of usury be grinded, that it bite not too much; the other, that there be left open a means to invite moneyed men to lend to the merchants, for the continuing and quickening of trade. This cannot be done, except you introduce two several sorts of usury, a less and a greater; for if you reduce usury to one low rate, it will ease the common borrower, but the merchant will be to seek for money; and it is to be noted that the trade of merchandise being the most lucrative, may bear usury at a good rate: other contracts not so.

To serve both intentions, the way would be briefly thus: that there be two rates of usury; the one free and general for all; the other under licence only to certain persons, and in certain places of merchandising. First, therefore, let usury in general be reduced to five in the hundred, and let that rate be proclaimed to be free and current; and let the state shut itself out to take any penalty for the same; this will preserve borrowing from any general stop or dryness; this will ease infinite borrowers in the country; this will, in good part, raise the price of land, because land purchased at sixteen years' purchase will yield six in the hundred, and somewhat more, whereas this rate of interest yields but five: this by like reason will encourage and edge industrious and profitable improvements, because many will rather venture in that kind than take five in the hundred, especially having been used to greater profit. Secondly, let there be certain persons licensed to lend to known merchants upon usury, at a higher rate, and let it be with the cautious following: let the rate be, even with the merchant himself somewhat more easy than that he used formerly to pay; for by that means all borrowers shall have some ease by this reformation, be he merchant, or whosoever; let it be no bank or common stock, but every man be master of his own money; not that I altogether mislike banks, but they will hardly be brooked, in regard of certain suspicions. Let the state be answered some small matter for the licence, and the rest left to the lender; for if the abatement be but small, it will no whit

discourage the lender; for he, for example, that took before ten or nine in the hundred, will sooner descent to eight in the hundred, than give over his trade of usury, and go from certain gains to gains of hazard. Let these licensed lenders be in number indefinite, but restrained to certain principal cities and towns of merchandising; for then they will be hardly able to colour other men's money in the country: so as the licence of nine will not suck away the current rate of five: for no man will send his moneys far off, nor put them into unknown hands.

If it be objected that this doth in a sort authorize usury, which before was in some places but permissive; the answer is, that it is better to mitigate usury by declaration, than to suffer it to rage by connivance.

'Of Usury', in *Essays*.

37 Cases of Conscience about Lending and Borrowing

RICHARD BAXTER

Question 12: Is it lawful to lend upon usury, interest or increase? Answer: This Controversy hath so many full Treatises written on it, that I cannot expect that so few words as I must lay out upon it should satisfy the studious Reader. All the disputes about the name of Usury I pass by: It being the receiving of any additional gain as due for money lent which is commonly meant by the word, and which we mean in the question. For the questions, whether we may bargain for it, or tie the debtor to pay it? Whether we may take it only after his gain as partaking of it; or before? Whether we must partake also in the loss if the debtor be a loser? With other such like, are but subsequent to the main question, whether any gain (called use) may be taken by the lender as his due for the money lent? My judgment is as followeth.

1. There is some such gain or Usury lawful and commendable. 2. There is some such gain or Usury unlawful and a heinous sin. I shall first give my reasons of the first proposition.

I. If all Usury be forbidden it is either by the Law of Nature, or by some positive Law of supernatural revelation: If the latter, it is either by some Law of Moses, or by some Law of Christ: If the former, it is either as against the Rule of piety to God, or against Justice of Charity

to men: That which is neither a violation of the Natural Laws of Piety, Justice or Charity; nor against the supernaturally revealed Laws of Moses or of Christ, is not unlawful. But there is some Usury which is against none of all these: *Ergo* there is some Usury which is not unlawful. . . .

Answer: A rich Merchant trading into the East Indies, having five thousand pounds to lay out upon his commodities in Traffic, when he hath laid out four thousand five hundred pound, lendeth in charity the other five hundred pounds to one of his servants to lay out upon a commodity, which when it cometh home will be worth two thousand pound, and offereth him to secure the carriage with his own; requiring only the use of his money at six per cent. Here the taking of thirty pound use, is but the free giving him one thousand four hundred and seventy pound, and is all one with deducting so much of the gift.

Another instance: Certain Orphans having nothing left them but so much money as will by the allowed use of it, find them bread and poor clothing: The guardian cannot lay it out in Lands for them: And if he maintains them upon the stock, it will be quickly spent, and he must answer for it: A rich man that is their neighbour tradeth in Iron-works (Furnaces and Forges) or Lead-works or other such commodities, in which he constantly getteth the double of the stock which he employeth, or at least twenty pound or forty pound in the hundred: The Guardian dare not lend the money to any poor man, lest he break and never be able to pay it: Therefore he lendeth it this rich man. And if he have it without usury, the poor Orphans give the rich man freely twenty pound or forty pound a year supposing their stock to be an hundred: If he take Usury, the rich man doth but give the poor Orphans some part of his constant gain. . . .

Now I prove that such Usury is not forbidden by God. 1. It is not forbidden us by the Law of Moses: 1. Because Moses Law did never forbid it: For, 1. It is expressly forbidden as an act of unmercifulness; and therefore forbidden only to the poor and to brethren, Exod. 22:25, Levi. 25:36, 37. Yea, when the poor are not named, it is the poor that are meant: Because in that country they did not keep up stocks for Merchandise or Trading, but lent usually to the needy only: At least the circumstances of the several texts show, that it is only lending to the needy, and not lending to drive on any enriching Trade, which is meant where Usury is forbidden. 2. And it is expressly allowed to be used to strangers, Deut. 23:19, 20, to whom nothing unjust or uncharitable might be done: only such measure of charity was not

required towards them, as unto brethren. And there were more Merchants of strangers that traded with them in foreign commodities, than of Jews that fetched them home: So that the prohibition of Usury is in the Law itself restrained only to their lending to the poor: But in the Prophets who do but reprove the sin, it is expressed without that limitation, partly because it supposeth the meaning of the Law to be known, which the Prophets did but apply: and partly because there was little or no lending among the Jews, but to the needy as an act of charity.

2. And if it had been forbidden in Moses Law, only, it would not extend to Christians now: Because the Law of Moses, as such, is not in force: The matter of it is much of the Law of Nature indeed; but as Mosaical, it was proper to the Jews and Proselytes: or at least extended not to the Christian Gentiles: as is plain in 2 Cor. 3:7; Gal. 3:19, 24 and 5.3; Eph. 2:15; 1 Tim. 1:7; Heb. 7:12,16,19; Moses Law as such never bound any other Nations, but the proselytes that joined themselves to the Jews (nor was all the world obliged so to be proselyted as to take up their Laws): Much less do they bind us that are the servants of Christ, so long after the dissolution of their Commonwealth. So much of them as are part of the Law of Nature, or of any positive Law of Christ, or of the Civil Law of any State, are binding as they are such Natural, Christian or Civil Laws. But not one of them as Mosaical: Though the Mosaical Law is of great use to us to understand the Law of Nature in many practical instances, in which it is somewhat difficult to us.

2. There is no positive Law of Christ forbidding all Usury: As for Luke 6:32,35, it is plainly nothing to the case: For he saith not, Lend, looking for no gain or increase, but, Looking for nothing again. And the context showeth that the meaning must be one of these two: Either *q.d.* Lend not only to them that will lend to you again when you are in want; but even to the poor, that you can never hope to borrow of: Or else, Lend not only to them that are able to pay you, and where your stock is secured, but to the needy where your money is hazarded; and though they will pay you if they are able, yet you have little or no hope that ever they should be able to repay: Lend so, as to be willing to make a gift of it in case the borrower never repay it. And there is no other text that can be pretended against it, in the New Testament.

3. And that the Law of Nature doth not forbid all Usury, will appear by examining the several parts of it. The Law of Nature forbiddeth but three sorts of sins; 1. Those that are against Piety to God: 2. Those that are against our own welfare: 3. Those that are against our Neighbours

good: And that is 1. Against Justice: 2. Against Charity. There is none that falleth not under some of those heads.

1. And that Usury is not naturally evil as against the Piety to God. 2. Or as against ourselves and our own welfare, I need not prove, because no reason nor reasonable person doth lay any such accusation against it. Though they that think it absolutely unlawful, say that it is consequently against God, as every violation of his Law is. But that's nothing to the case.

3. Therefore there is no doubt but the whole controversy is resolved into this last question, whether all Usury be against Justice or Charity to our neighbour. Justice obligeth me to give him his own: Charity obligeth me to give him more than his own, in certain cases; as one that love him as myself. That which is not against Justice, may be against Charity: But that which is against Charity, is not always against Justice strictly taken. And that which is an act of true Charity is never against Justice: Because he that giveth his neighbour more than his own, doth give him his own and more. There is a Usury which is against Justice and Charity. There is a Usury which is against Charity, but not against mere Justice: And there is a Usury which is against neither Justice nor Charity. If I prove it Charitable, it is superfluous to say more.

All the instances before given are notoriously charitable. That which is for the preservation of the lives and comforts of the poor, and of Orphans, or for the enriching of my neighbour is an act of Charity: But such is some Usury, past all doubt, as is before declared. Where the contrary is an act of cruelty, the Usury is not against Charity, but for it. For the Rich to deny to the poor and Orphans a part of that gain, which they make by the improvement of their own money, is oppression and cruelty: If it be cruel to let a Beggar die or starve, when we should feed and clothe him of our own, much more to let the poor and Orphans starve and perish rather than give them the increase of their own, or part of it at least. As for them that say, it may be as well-improved otherwise, they are unexperienced men: It is a known falsehood as to the most: though some few may meet with such opportunities. At least it is nothing to them that cannot have other ways of improving it; who are very many . . .

Question: When is Usury sinful?

Answer: As is before said, When it's against either Justice or Charity. 1. When it's like cheating bargaining, which under pretence of content and a form of Justice doth deceive, or oppress, and get from another

that which is not truly ours but his. 2. When you lend for increase where charity obligeth you to lend freely: Even as it is a sin to lend expecting your own again, when Charity obligeth you to give it. 3. When you uncharitably exact that which your brother is disabled utterly to pay, and use cruelty to procure it (be it the Use or the principal). 4. When you allow him not such a proportion of the gain as his labour, hazard or poverty doth require, but because the money is yours, will live at ease upon his labours. 5. When in case of his losses you rigorously exact your due, without that abatement, or forgiving debts (whether Use or principal) which humanity and charity require. In a word, when you are selfish, and do not as, according to true judgment, you may desire to be done by, if you were in his case.

Question: But when am I bound to exercise this charity, in not taking Use?

Answer: As I said before, 1. Whenever you have no more urgent, and necessary, and excellent work, to lay out that money on, which you are so to receive. 2. Yea, though another work may be in itself better (as to relieve many poorer better men with that money) yet when you cannot take it, without the utter undoing of the debtor, and bringing him into as bad a case, as any single person whom you would relieve, it is the safer side to leave the other unrelieved (unless it be a person on whom the public good much dependeth) rather than to extort your own from such a one to give another. Because that which you cannot get, without a scandalous appearance of cruelty, is *quoad jus in re* not yours to give, till you can better get possession of it: And therefore God will not expect that you should give it to another.

In this I imply that as you must prefer the lives of others in giving Alms, before your own conveniences and comforts, and must not say, I cannot spare it, when your necessity may spare it, though not your pleasure: So also in taking Use, of those that you are bound to show charity to, the same rule and proportions must be observed in your charity.

Note also, that in all this it appeareth, that the case is but gradually different, between taking the Use and taking the principal. For when the reason for remitting is the same, you are as well bound to remit the principal as the Use.

But this difference there is, that many a man of low estate may afford to lend freely to a poorer man for a little time, who cannot afford to give it. And prudence may direct us to choose one man to

lend freely to for a time, because of his sudden necessity, when yet another is fitter to give it to.

Question 13: Is lending a duty? If so, must I lend to all that ask me? or to whom?

Answer: Lending is a duty, when we have it, and our brother's necessity requireth it, and true prudence telleth us, that we have no better way to lay it out, which is inconsistent with that. And therefore rich men ordinarily should both lend and give as prudence shall direct. But there is an imprudent and so a sinful lending: As, 1. When you will lend that which is another's, and you have no power to lend. 2. When you lend that which you must needs require again, while you might easily foresee that the borrower is not like to pay. Lend nothing but what you have either great probability will be repaid, or else which you are willing to give in case the debtor cannot or will not pay, or at least when suing for it, will not have scandalous and worse effects than not lending. For it is very ordinary when you come to demand it and sue for it, to stir up the hatred of the debtor against you and to make him your enemy, and to break his charity by your imprudent charity: In such a case, if you are obliged to relieve him, give him so much as you can spare, rather than lend him that which you cannot spare, but must sue for. In such cases, if Charity go not without Prudence, nor prudence without charity, you may well enough see when to lend, and how much. . . .

As all oppression and unmercifulness must be avoided, and all men must do as they would (judiciously) be done by, so it is a bad thing to corrupt Religion, and fill the world with causeless scruples, by making that a sin which is no sin. Divines that live in great Cities and among merchandise, are usually fitter Judges in this case, than those that live more obscurely (without experience) in the Country.

A Christian Directory:
or a Summ of Practical Theologie and Cases of Conscience
pp. 124–9
London 1673

38 Comment: The Religious Attitude towards Usury in Sixteenth-century England

HELEN C. WHITE

It would be rash to say that there were no English preachers who condoned usury in the sixteenth century. But, in general, the sixteenth-century English preachers seem to have maintained a firm line against it. It is significant that when laymen like Hales and Wilson came to discuss social matters, they defined the position of their clergymen as so firmly in opposition to usury. Certainly, the leaders among the preachers of the day did not hesitate to make clear where they stood. But they proceeded warily. For where even the most zealous acknowledged the magnitude and complexity of the problem, it is not surprising that the more cautious preacher sometimes held back. Babingham, who was not a favourite preacher of Queen Elizabeth for nothing, we may be sure, has an amusing disclaimer on this theme:

> 'This matter of Usury is so largely handled by so many, and so little regarded by moe, that I spare my labour in it. To allow all that some allow, or to condemne as much as some condemne, as yet I see no reason. Many are the cases, and intricate are the question mooved and mentioned in this matter.'

It is easy to smile today at the neighbourhood view which the sixteenth-century English preachers took of the central issues of the rising capitalism that was so soon to overwhelm the feeble barriers they sought to erect in its path. But in fact they were dealing as always with the immediate world they knew day in and day out. In that world what impinged upon their immediate consciousness was not the large-scale operations of the Fuggers or the Pallavicinos or even the financial operations of their own government. What they saw was the world of small-holders and independent craftsmen – petty tradesmen with their perennial need for capital to carry them till harvest, to buy raw materials, to furnish the beginnings of a shop. And on the other hand they saw the host of prosperous yeomen, innkeepers, tailors, drapers, grocers, mercers and other successful businessmen with a bit to spare, alert to any chance to pick up a little extra. In such a world, still of the small neighbourhood, they saw the more sharply the misery which hard-dealing on the lender's part might cause the unfortunate debtor,

and they felt keenly the destruction of neighbourhood peace and amity that might ensue. So they clung the more tenaciously to their ideal of a Christian neighbourliness of spirit that would prompt him who had a surplus to relieve the anxieties of his less fortunate neighbour without any thought of making his profit of the poor man's necessities.

In this they showed both striking agreement and striking faithfulness to tradition.

Social Criticism in Popular Religious Literature of the Sixteenth Century
pp. 202–3, 212
Macmillan Co., New York 1944

III

The Calling, Election and Hard Work

Tawney contended that the Protestant doctrine of the Calling bridged the gulf between Puritan consciousness of the dangers of riches, and the apparently irreconcilable view that money-making ought to be carried on for the glory of God. Both Tawney and Weber held that predestination and the Calling were central Protestant doctrines, and provided the key to the Protestantism–capitalism relationship. From these two doctrines stemmed an ethic which encouraged rational hard work and, incidentally, the accumulation of capital.

God predestined some men to salvation, and others to eternal damnation; man could do nothing, either by prayer or good works, to reverse this decision. Quite naturally, Weber believed, such a doctrine promoted pessimism and an understandable wish to know if there was any way in which a man could acquire clues as to his predestined fate. The opinion prevailed that success in one's Calling was a sign of grace, a token of election. Such an idea sanctified worldly success and combined with injunctions that it was a religious duty to work hard in one's Calling, created an ethic which made hard work a moral duty, and worldly success, including money-making, a sign of heavenly grace. This new ethic ousted the traditional social values, which had emphasized the common good, and regarded the pursuit of riches as the root of all evils.

In a later work Weber summarized the significance of the Calling. It 'expressed the value placed upon rational activity carried on according to the rational capitalistic principle, as the fulfilment of a God-given task . . . This development of the concept of the Calling quickly gave the modern entrepreneur a fabulously clear conscience – and industrious workmen' (*General Economic Theory*, p. 269).

Weber held this concept of the Calling to be uniquely Protestant, and unknown in the Middle Ages when the idea of a religious vocation was restricted to the monastic life. Luther broke down this barrier

between the high ideal of the monastic life, followed only by a minority, and the life lived by the majority of men, and laid upon every man the same obligation to serve God in his Calling, no matter how lowly it might be.

Critics have contended, however, that the Calling was not specifically Protestant, and that far from encouraging capitalistic-type behaviour, it was inimical to the capitalist spirit. Also, it was not until late in the seventeenth century that Puritan divines began to declare that worldly success was a token of election. Until then predestination had no social consequences.

Weber's argument was partly philological. Luther, he believed, introduced the Calling to German-speaking peoples. In fact the Latin Vulgate contains a Latin phrase whose translation is 'work of thy calling' and the Romance languages before the Reformation had words which could mean worship or a secular employment, for example *office* in French, and *officio* in Italian.

Certainly Puritan writers expended much ink in discussing the significance of the Calling; for example in terms of numbers of mention, a crude reckoning, it ranks second in William Perkins's preoccupations. In practice Calvinists did not rate all Callings as equal, as James I observed in his remark that 'the new presbyter is but the old priest writ large'. But a transvaluation of social attitudes is apparent in Protestantism, although it would be an error to make the practical effects too revolutionary. The old exaltation of the monastic life was ended, and 'the dignity of labour' is a better description of the Protestant than the medieval Catholic attitude towards work. It was not until after the seventeenth century that this phrase can meaningfully be applied to manual labour; during the English Civil War even the once notorious Levellers excluded servants and labourers from the vote because they were not 'free' men. The merchant, the farmer and even the self-employed artisan may have improved their social status as a consequence of Protestant social teaching, although one is tempted to suggest that to a large extent their increased prestige was a natural consequence of long-term economic and social change. When all these qualifications are allowed, the fact remains that in Protestant countries in the seventeenth century, the merchant enjoyed greater prestige than in Catholic countries, though even here it could be argued that this was only because Protestant countries were economically more advanced which brings one back to the beginning of the whole argument; were these countries more advanced because they were Protestant?

Whatever the motivation, the change in attitude between the thirteenth century and the seventeenth century towards certain activities is striking. Compare, for example, the views of Berthold of Regensburg (died 1272) expressed in his sermon *On the Ten Choirs of Angels and of Christendom* with the division of occupations made by Richard Baxter (p. 157). Berthold placed industry, commerce and farming in the 'Six Lower Orders', while priests, monks and temporal lords had places in the 'Highest and most Sublime'.

Baxter's views were not entirely typical. Early Puritans had emphasized the Calling to stifle ambition and the desire for riches. More typical was the advice of the Puritan Thomas Lever (1521–77) to 'be content in your Calling'. Of the earlier period H. M. Robertson (ref. 13) writes that the Calling 'was an invitation to live the orderly and settled life ordained by God, and to perform all the duties pertaining to it'. It was certainly not a progressive ideal, even though much has been written of the appeal of Puritanism to a supposedly rising 'middle-class', and though some contemporaries blamed Calvinism for encouraging social unrest. In fact Puritan ministers inveighed against ambition, as a grave sin. Though they may have regarded the merchant more favourably, both social mobility and communistic ideas were abhorrent to the godly. William Perkins is quite firm that ambition and discontent with one's Calling are not only sinful, but also lead to 'oppression, injustice and much ungodliness' (p. 155).

Though medieval preachers accepted the monastic ideal as supreme, the contrast between their attitude towards work and that of the Puritans should not be exaggerated. But it is true that the injunction to work hard is to be found much more often in Puritan than pre-Reformation Catholic preaching. On the other hand the former did not invent the sin of sloth, one of the medieval seven deadly sins, and many medieval sermons were devoted to forceful denunciation of idleness.

The poor, however, occupied a special place in medieval society, 'God's poor'. Begging was not frowned upon, indeed the friars were supposed to support themselves by begging. It has often been observed that English Puritanism had a very different attitude towards poverty. God commands all men to work, and the Bible says that he who does not work shall not eat. It was not that the Puritans were hardhearted towards the poor, though this has often been affirmed; Professor Jordan's monumental study of charity in the sixteenth and seventeenth centuries (ref. 47) disproves that conclusively. What the Puritans did dislike

were the idle poor, those too lazy to work. Children, the aged and the sick should be helped, but constructively by founding almshouses and providing work for them to do. Indiscriminate charity and begging brought only temporary relief and were to be discouraged. What was needed was rational, organized charity to aid the needy. This attitude was very different from the old idea of 'God's poor', and in this respect the Protestant concern with hard work stands in vivid contrast with the Catholic traditionalist attitude. One of the most effective steps taken after the Reformation was to slash the number of feast days which were public holidays. Regular work is a characteristic of capitalist society, unlike most traditionalist, underdeveloped societies where the minimum work necessary to earn enough to keep alive and pay for one's pleasures is the general rule.

Predestination was not a purely Calvinist doctrine; not only was it taught by all the other Protestant denominations but also its origins were much older than the sixteenth-century Reformation. The germ of the idea was stated by St Paul, and achieved full expression in the teaching of St Augustine (354–430). Predestination recurs in the Catholic theology during the Middle Ages, though the most famous Catholic revival is associated with the Jansenist movement in seventeenth-century France. Yet the ethic it was supposed to breed is found only in Calvinism, and then not in all the Calvinist sects. The essence of Weber's thesis was that the resultant Protestant ethic was germinated solely by reformed theology, and that external material factors exerted no influence. The problem, therefore, is to account for the effects of this doctrine only in certain Protestant regions, notably Holland, England and France. In Germany, Weber admitted, predestination led to Pietism and Quietism, not to an ethic of hard work in one's Calling.

English Puritanism has been much studied since Tawney's account of Puritan theology. Recent studies agree on the following points: (*a*) predestination was not the central Puritan doctrine; (*b*) only in rare cases did the godly exhibit grave doubts about their external destiny; the majority were confident that they were to be numbered among the elect. Consequently the strong desire for assurance which Weber asserted, on *a priori* grounds, could not have been a powerful factor in promoting worldly activity; (*c*) perhaps most important, it was not until the late seventeenth century that any leading Puritan divine actually suggested that worldly success might be a token of election. The views of the merchant John Browne (p. 82) suggest that some laymen may have held this view before this time, but there were no

valid theological reasons for this identification, so that a Catholic merchant could just have well expressed such a sentiment. At a time when religious opinion in both camps tended to suspect the merchant's motives, and to stress the dangers of wealth, it was natural for the merchant to justify his profits, if only to ease his own conscience, by believing that these, like all worldly blessings, flowed from the hand of God.

Mention is made (p. 162) of the debate between H. M. Robertson and Father Broderick on the economic teaching of seventeenth-century Catholics, especially the Jesuits. Since they were debating at cross-purposes, nothing very conclusive emerged, but there are at least some grounds for supposing that certain French Catholic priests praised and even encouraged certain 'capitalistic' attitudes, though this does not imply that they were actually encouraging capitalism and money-making. The attitude of the Catholic Church in the sixteenth and seventeenth centuries towards trade, money-making, hard work and the productive use of time still awaits adequate study. But J. Noonan's researches into the developments in usury theory suggest that in 'economic matters' the Church's attitude was not static, and eternally committed to medieval ideals.

The final point concerns one of Weber's fundamental assumptions. Is the Western attitude towards 'a good day's work' basically irrational, explicable only by the continuation of bourgeois 'worldly asceticism', which remained the capitalistic ethic after the original religious motivation had faded? Whether 'worldly asceticism' was ever a characteristic of real life capitalists is a separate problem, and Professor Trevor-Roper has some observations on this score. Is it really irrational for men to work hard when their increased wages permit a higher standard of living? There may be a psychological explanation for the businessman's desire to maximize his profits, even if the hedonistic aspect is played down. But can it not be argued that the inner motivation is not a moral sense of duty, but an extreme form of a common human failure, namely ambition? While it would be irrational for a free man to work hard if he could not thereby increase his earnings, or if there was nothing for him to buy with his increased earnings, is such an attitude really irrational in a more sophisticated economy? In short, did increasing opportunities promote a new attitude towards work and profits, or was it necessary for those new attitudes to be fostered by non-economic agencies before the economic expansion could take place? If the environmental argument is accepted in an extreme form,

then it becomes irrelevant to decide whether the seventeenth-century Protestant ethic underwent a significant change in the second half of the seventeenth century, or whether predestination and the Calling created an ethic which differed radically from the tradition or the contemporary Catholic ethic.

39 Every Man Travail in his Degree

THOMAS WIMBLEDON

The English preacher Thomas Wimbledon (fl. c. 1388) in this passage couples the idea of the Calling with an injunction to work honestly in a way which anticipates Weber's Protestant ethic by almost a century and a half.

And certis, this should be a cause why every state should love other; and men of one craft should not despise nor hate men of none other craft, sith they be so needful everich to other; and oft the ilke crafts that are most unhonest might worst be forebore. And one thing I dare well say, that he that is neither travailing in this world on studying, on prayers, on preaching for help of the people – as it falleth to priests, neither ruling the people, maintaining nor defending from enemies – as it falleth to knights, nor travelling on earth in diverse crafts – as it falleth to labourers when the day of reckoning cometh, that is, the end of this life, right as he lived here without travail, he shall there lack the reward of 'the penny', that is, the endless joy of heaven. And as he was here living after no state nor order, so he shall be put then in that place that no order is in, but everlasting horror and sorrow, that is, in hell. Herefore every man see to what state God hath cleped [*called*] him, and dwell he therein by travail according to his degree. Thou that art a labourer or a crafty man [*craftsman*], do this truly. If thou art a servant or bondman, be subject and low, in dread of displeasing thy Lord. If thou art a merchant, deceive not thy brother in chaffering [*trading*]. If thou art a knight or a lord, defend the poor man and needy from hands that will harm them. If thou art a justice or a judge, go not on the right hand by favour, neither on the left hand to punish any man for hate. If thou art a priest, undernime [*rebuke*], pray, and reprove, in all manner patience and doctrine. Undernime thilke that be negligent, pray for thilke that bene obedient, reprove those that be unobedient to God. So

every man travaile in his degree. For when the even is come, that is, the end of this world, then every man shall take reward, good or evil, after that he hath travailed here.

'Sermon at Paul's Cross', 1388
Quoted in G. R. OWST, *Literature and Pulpit in Mediæval England*
p. 551
Blackwell, Oxford 1961

40 Sloth

JOHN BROMYARD

The fourteenth-century Dominican John Bromyard establishes the function of labourers in the service of the Church, making the traditional threefold division between those who work, those who fight and those who pray. The metaphor of the body is retained in Puritan writing. Sloth was one of the seven deadly sins, abhorrent to Catholic and godly Protestant. Note, too, that Bromyard does not include the merchant among the slothful. By this period he was generally recognized as a useful member of society.

God has ordained three classes of men; namely, labourers such as husbandmen and craftsmen to support the body of the Church after the manner of feet; knights to defend it after the fashion of hands; clergy to rule it and lead it in the manner of eyes. And all the aforesaid who maintain their own status are of the family of God.

The Devil, however, finds a certain class, namely the slothful, who belong to no Order. They neither labour with the rustics, nor travel with the merchant, nor fight with the knights, nor pray and chant with the clergy. Therefore they shall go with their own Abbot, of whose order they are, namely the Devil, where no Order exists, but horror eternal.

Quoted by G. R. OWST
(see No. 39), p. 554

41 Work and Idleness

NICOLE BOZON

The following is a more general justification for work by the English priest Nicole Bozon (fl. c. 1320). *The references to Scripture are erroneous.*

For nothing in this life is worth so much for body and soul as well-ordered work. As to which Holy Scripture describes work in this fashion: 'Work is the life of men, and keeper of health. Work drives away occasion for sin, and makes a man rest himself; is the relief of langour, a stay to illness, safety of the people, sharpener of all the senses; stepmother to idleness, duty to the young, and merit to the old.'

Contes Morlizés
Quoted by G. R. OWST
(see No. 39), p. 556

42 Diligence and the Calling

WILLIAM PERKINS

Among William Perkins's many writings on the Calling is a whole treatise devoted to the subject. One of his prime concerns is to establish that labour in one's Calling prevents idleness and sloth. Another is to ensure the wellbeing of society: man's obligation is social, not purely personal. God called man to different tasks because it is necessary for the existence of society that all men should not be equal. The pursuit of riches and wealth in a Calling is incidental, and Perkins nowhere suggests that success and wealth are a sign of election.

A TREATISE ON THE VOCATION OR CALLING OF MEN

A vocation or calling is a certain kind of life, ordained and imposed on man by God, for the common good. First of all, I say, it is a certain condition or kind of life: that is, a certain manner of leading our lives in this world.

The final cause or end of every calling, I note in the last words of the description: 'For the common good': that is, for the benefit and state of mankind.

All societies of men are bodies, a family is a body; and so is every particular Church a body, and the Commonwealth also: and in these bodies there be several Callings and offices, the execution whereof, must tend to the happy and good estate of the rest. . . . Here then we must generally know, that he abuseth his calling, whosoever he be that against the end thereof, employs it for himself, seeking wholly his own, and not the common good.

[God] hath appointed that there should remain a distinction between man and man, not only in regard of person, but also in other respects . . . first in regard of the inward gifts which God bestoweth upon every man, giving to several men several gifts, according to his good pleasure. . . . Secondly people are distinguished by order; whereby God hath appointed that in every society one person should be above or under another, not making all equal . . . Inasmuch as God giveth diversity of gifts inwardly, and distinction of order outwardly, hence proceed diversity of personal Callings. . . .

Every man must judge that particular Calling, in which God hath placed him, to be the best of all Callings for him: I say not simply best, but best for him. . . . The practice of this duty is the stay and foundation of the good estate both of Church and Commonwealth: for it maketh every man to keep his own standing, and to employ himself painfully within his Calling; but when we begin to mistake the wide disportion of God, and to think other men's Callings better than our own, then follows confusion and disorder in every society.

They profane their lives and Callings that employ them to get honours, pleasures, profits, worldly commodities, etc. for this we live to another end than God hath appointed, and there we serve ourselves, and consequently neither God nor man. . . . The true end of our lives is, to do service to God, in serving of man: and for a recompense of this service, God sends his blessings on men's travails, and he allows them to take for their labours . . .

The second overall rule which must be remembered, is this: that every man must do the duty of his Calling with diligence. . . . Of this diligence there be two reasons: first of all, the end why God bestows his gifts upon us, is, that they might be employed in his service, and to his glory. . . . Secondly, to them which employ their gifts, more is given. . . .

And on the other side we must take heed of two damnable sins that are contrary to their diligence. The first is idleness, whereby the duties of our Calling, and the occasion for glorifying God, are neglected or omitted. The second is slothfulness, whereby they are performed slackly and carelessly . . . Sloth and negligence in the duties of our Calling, are a disorder against that comely order which God hath set up in the societies of mankind, both in Church and in Commonwealth.

'Treatise on Vocation or Calling of Men', in *Works*, 1626
vol. I, pp. 750–60 *passim*

COMMENTARY ON SERMON ON THE MOUNT

There be three estates ordained by God: the Church, the Commonwealth, and the Family; and for the preservation of them, there be sundry Callings required: some whereof are prescribed by God, and other left to be appointed by men, as all trade and such like: now not only the Calling appointed by God, and the duties thereof are good works; but even all inferior Callings appointed by men, for the good of these three estates: and the duties thereof, be they never so base, if they be sanctified by prayer, and done to God's glory, are good works. . . .

But, alas, few are content with their estate, the yeoman will be like gentleman in attire and diet; and the gentleman like the nobleman; and hence comes usury, and oppression, injustice, and much ungodliness.

Works, 1626
vol. III, pp. 30, 136

43 Mere Matters of Devotion

THOMAS GATAKER

The Puritan divine, Thomas Gataker, here makes a familiar Puritan observation that the Christian is called not solely to prayer and contemplation but must also serve God in his daily life. Catholic monks who practised the contemplative life were frequently termed drones by Puritan writers, an attitude which illustrates Weber's secular idea of Protestantism which made the occupation of the labourer and the merchant as praiseworthy and useful as that of the minister.

A man must not imagine therefore, when he is called to be a Christian, that he must presently cast off all worldly employments, give over the works of his former vocation and apply himself wholly . . . to prayer and contemplation, and mere matters of devotion, but he must retain the Calling still as well as the other, following the one still with the other, make conscience as well of executing the duties of the one as in frequenting the exercises of the other.

Sermons
p. 113
London 1637

44 The Protestant Ethic

RICHARD BAXTER

Although Richard Baxter makes more concessions to commercial considerations than earlier Puritan writers, his message is for the most part traditional. Idleness is a sin, the individual must put 'public service' above private gain, and only 'worldlings' seek for riches. God is glorified more by despising riches than by accumulating them and one must be content with humble Callings.

His list of reasons why man must work and not live idly are familiar, except, a sign of the age to come perhaps, he adds a non-religious, utilitarian argument that work is necessary for physical wellbeing. Similarly, in his analysis of the necessity for every man to have a trade or Calling, he lists six purely practical and non-religious arguments. The argument that man must do more than 'pray and meditate' recalls the previous passage.

Every man that is able, must be steadily and ordinarily employed in such work as is serviceable to God, and to the Common Good. . . . Everyone that is a member of a Church or Commonwealth must employ their parts to the utmost for the good of the Church and Commonwealth, public service is God's greatest service. To neglect this, and to say, I will pray and meditate, is as if your servant should refuse your greatest work, and to tie himself to some lesser easy part; and God hath commanded you some way or another to labour for your daily bread, and not to live as drones on the sweat of others only. Innocent Adam was put into the Garden of Eden to dress it, and fallen man must eat his bread in the sweat of his brow (Genesis 3:19). And he that will not work must be forbidden to eat (2 Thes. 3:6,10 and 12). And indeed, it is necessary for ourselves, for the health of our bodies, which will grow diseased with idleness. And for the health of our souls, which will fail if the body fail. And man in flesh must have work for his body as well as his soul. And he that will do nothing but pray and meditate, it's like will (by sickness or melancholy) be disabled ere long to pray or meditate, unless he have a body extraordinary strong . . .

It gloryeth God, by showing the excellency of faith, when we contemn the riches and honour of the world, and live above the worldling's life, accounting that a despicable thing, which he accounts his happiness, and loseth his soul for . . . When seeming Christians are

worldly and ambitious as others, and make as great matter of the gain, and wealth and honour, it showeth that they do but cover the base and sordid spirit of worldlings, with the visor of the Christian name . . .

As labour is thus necessary so understand how needful a state a Calling is, for the right performance of your labours. A Calling is a stated course of labour. This is very needful for these reasons: (1) Out of a Calling a man's labours are but occasional or inconstant, so more time is spent in idleness than labour; (2) A man is best skilled in that which he is used to; (3) And he will be best provided for it with instruments and necessaries; (4) Therefore he doth it better than he could do any other work, and so wrongeth not others, but attaineth more the ends of his labour; (5) And he doth it more easily, when a man unused and unskilled and unfurnished, toileth himself much in doing little; (6) And he will do his work more orderly, when another is in continual confusion, and his business knoweth not its time and place, but one part contradicts another. Therefore come certain Calling or trade of life is best for everyman. . . .

The first and principal thing to be intended in the choice of a trade or Calling for yourselves or children is the service of God, and the public good. And, therefore, *cateris paribus*, that Calling which most conduceth to the public good is to be preferred. The Callings most useful to the public good are the magistrate, the pastor, the teacher of the Church, schoolmaster, physician, lawyer, etc., husbandmen (ploughmen, graziers and shepherds); and next to them are mariners, clothiers, booksellers, tailors and such others that are employed about things most necessary to mankind. And some Callings are employed about matters of so little use, as tobacco-sellers, lace-sellers, feather-makers, periwig-makers, and many more such, that he that may choose better, should be loth to take up with one of these, though possibly in itself it may be lawful. It is a great satisfaction to an honest mind, to spend his life in doing the greatest good he can, and a prison and a constant calamity, to be tied to spend one's life in doing little good at all to others, though he should grow rich by it . . .

If thou be called to the poorest laborious Calling, do not carnally murmur at it, because it is wearisome to the flesh, nor imagine that God accepteth the less of thy work and thee. But cheerfully follow it, and make it the matter of thy pleasure and joy that thou art still in thy heavenly master's services, though it be the lowest thing. And that he who knoweth what is best for thee, hath chosen this for thy good, and trieth and valueth thy obedience to him the more, by how much the

meaner work thou stoopest to at His command. But see that thou do it all in obedience to God, and not merely for thy own necessity. Thus every servant must serve the Lord, in serving their master, and from God expect their chief reward . . .

In doing good to others we do good to ourselves: because we are living members of Christ's body, and by love and communion feel their joys, as well as pains.

Good works are a comfortable evidence that faith is sincere, and that the heart dissembles not with God.

Good works are much to the honour of religion, and consequently of God, and much tend to men's conviction, conversion and salvation.

A Christian Directory:
or a Summ of Practical Theologie and Cases of Conscience
pp. 133–4, 177, 189–90, 449–50
London 1673

45 The Calling

RICHARD STEELE

The analogy of the body has a medieval flavour. Steele still restricts the pursuit of gain but his treatment of the Calling shows a departure from earlier versions. Perkins had sometimes used the word 'choice', although his general thesis was that God called men directly, but Steele believed that the direct call from God was rare. This widening of the concept, however, does not allow the individual to choose his own vocation for himself and personal ambition is still kept in check. Business was still to be subject to Christian ethics.

The author of a particular calling . . . is God. Now God calls unto men (1) Immediately by himself: so he called Adam to be a husbandman. . . . But this method He rarely useth in the latter days. They that pretend to an immediate Calling, must produce extraordinary gifts and qualifications, else it be but conceit and delusion; (2) God calls men medially and by instruments, such as parents, guardians, and in some cases magistrates. . . . (God) doth delegate parents and such superiors to act under him, and to dispose those that are under their care, according to His Will; and He ratifies all that they regularly perform in that behalf.

A person may design to gain such an estate by his Calling, that he may live comfortably, that he may have whereon to live, and wherewith to give . . . For we are in this world, as the members are in the body, where each must be useful for the whole, and where each person preserves himself it is true, but tis with regard to the whole . . . but the highest good of all . . . is the Glory of God.

The Tradesman's Calling, being a Discourse concerning the Nature, Necessity, Choice, etc. of a Calling in General and Direction for the right managing of the Tradesman's Calling in Particular
pp. 3–5
London 1684

46 Advice on Choosing a Vocation

JACQUES SAVARY

The French merchant Jacques Savary allows no place for God in the choice of a vocation. It would be interesting to compare his views with an English merchant on this point. (Seventeenth-century tracts on trade written by English merchants suggest that they would differ little from Savary.)

If children are to be successful in business, the first thing to consider is whether they are so inclined. This does not depend on the parents, but is a natural disposition. In fact experience shows us that when they are forced into a profession they dislike by parental authority, the children never succeed. On the other hand, when they make a free choice they overcome easily and without difficulty all the problems they will encounter in their profession, and establish themselves very well. That is why fathers and mothers must take care in their choice of career they make for their children, if they would put them into business, because all people are not equally gifted, and parents must choose the most suitable one, and not force young people into things to which they have an aversion.

Le Parfait Negociant etc. (see No. 15)
p. 38
Paris 1675

47 A Comment on Predestination and Worldly Activity

M. M. KNAPPEN

Professor M. M. Knappen, the American historian of Puritanism, published a standard work on the subject in 1939. The following passage from his introduction to Two Elizabethan Diaries *criticizes the view that fears about selection stimulated commercial activity.*

It is common knowledge among the clergy of the churches in the Reformed type that only a very small minority of their congregations have extended worries about the assurance of their salvation. Even to the initiated it seems peculiar that a man should be driven to superhuman exertions to make sure of something which his efforts cannot affect in the slightest. The causal connexion between the desire of assurance of election and worldly activity is not clearly proven by the citations from Baxter, who was evidently more concerned with preaching the duty of labor by way of attacking Catholic monasticism and insuring provision for the good of the Commonwealth than with recommending it as furnishing a means of attaining a sense of the certainty of one's ultimate destiny. The fact that many serious-minded Christians, such as Luther, Pascal and the Jansenists, have believed in the doctrine of predestination without being driven to intense worldly activity is puzzling. It would seem that whatever 'worldly asceticism' may have existed among the later Puritans is best explained by other means.

Two Puritan Diaries
ed. M. M. KNAPPEN
American Society of Church History
Introduction, p. 13
Chicago 1933

IV

Protestantism and the Capitalist Spirit

The problem whether Protestantism or Catholicism gave any *direct* encouragement to economic liberalism has already been raised. Weber and Tawney also gave prominence to the indirect way in which the Protestant ethic promoted the spirit of capitalism. Most significant are (i) the emphasis on thrift, and (ii) the rational organization of time. In neither case was the supposed Puritan emphasis intended to encourage economic rationalism, although this was the long-term and unintended consequence.

Aristotle's maxim of moderation in human conduct outlasted the sixteenth- and seventeenth-century attacks on his formal philosophy. Thrift, or domestic economy, was but one example of personal moderation. Possibly religious attitudes were significant in inculcating such a mentality. To spend money on luxuries and carnal pleasures not only turned men away from contemplation of heavenly things and diverted them from their true vocation to serve God, but also revealed a dreadful reversal of values: men worshipped God's creatures and forgot their Creator. Weber believed that this Puritan concern with thrift did more than anything else to encourage 'worldly asceticism', a key phrase which sums up the Protestant ethic. Even Sombart, who rejected the idea that only Protestantism prompted the spirit of capitalism, did allow that in this concentration of thrift Puritanism did make a significant, unique contribution.

Some writers, for example K. Samuelsson (p. 55), imply that it was Weber's contention that Puritan divines deliberately encouraged economic individualism, and praised thrift and hard work in order to stimulate the capitalist spirit. Weber quite clearly did not reach this direct relationship between Puritanism and capitalism. It was incidental that the cultivation of a careful, rational mentality instilled habits which were to be as useful to capitalists as to the godly but a careful,

rational attitude towards one's business promoted efficiency and higher profits. The Puritan shopkeeper was not encouraged to reinvest these profits in his business, but if he had to live a sober, moderate life, what else could he do? The effect of this constant pumping back of capital into productive channels, rather than spending it unproductively like the gentleman, on luxuries, was to boost economic progress.

This 'worldly asceticism' banished the traditionalist ethic which had impeded economic progress, and the new middle-class virtues continued even after the initial religious motivation had disappeared and trade and religion had become separated. Though Tawney does not cite him, the ideas of the Victorian lay apostle of self-help and economic individualism, Samuel Smiles (1812–1904) vividly exemplified the survival of metamorphosized Protestant ethic in mid-nineteenth-century England. His gospel is reflected in the titles of his very popular books: *Self Help, Character, Thrift.*

Together with this message of thrift and 'worldly asceticism' the Puritan ministers exhorted the godly to make the best use of their time. Weber argued that wasting time was the deadliest of all sins for the Puritans. This is an exaggeration, but it is true that certain divines did urge the godly to 'redeem time', but in no case was this central to their teaching. Robertson (Ref. 8) pointed out that some seventeenth-century Catholic priests had a similar message. Robertson's views provoked a response from J. Broderick S.J., *The Economic Morals of the Jesuits* (London, 1934). As so often has happened in the history of the present controversy, Broderick's defence of the French Jesuits rests partly on a misunderstanding of Robertson's views. It is certainly a tempting line of argument to fuse the exhortations to 'redeem time' with the injunction to work hard at one's calling into a Protestant ethic and to compare this ethic with the spirit of capitalism. But reminders to put God and the common good above personal gain, and a conspicuous uneasiness concerning the desirability of riches are also present in the Protestant ethic. Unless there existed the detailed diaries of several Puritan merchants, it is pure speculation to contend that those ingredients favourable to capitalism outweighed any scruples stemming from the other aspects. Mr Hill, for example, suggests that Puritan laymen only heeded the favourable parts of the teaching of their ministers, but cites no evidence to prove this assertion. It is perfectly reasonable to hold such a belief in the light of one's knowledge of general human nature, but it is hazardous to use this

intuition to explain mental attitudes of a very different society. Weber's use of such general concepts as the spirit of capitalism and the ideal type may be useful tools for an introductory essay, but the second stage of the argument must provide real historical evidence. As yet there is no historical proof that Puritanism had a wide appeal to certain sections of the community, either to the merchants or the industrious artisans. It is not enough to analyse the appeal which Puritanism ought to have had to such men; the historian must then go on to prove that such men were Puritan, and, if possible, that their religious beliefs positively influenced their behaviour.

Weber moves to the eighteenth century for his only real piece of historical evidence, and cites the writings and career of the American Benjamin Franklin (1706–90). Kurt Samuelsson (*Religion and Economic Action*, Heinemann, 1961) has examined the latter's claim to be a typical Puritan, and earlier writers, including Tawney, had criticized Weber for his use of late seventeenth-century sources, such as Richard Baxter. Franklin's phrase 'time is money' provides a decisive link in Weber's argument, and taken at face value it does seem to link with the Puritan gospel of redeeming time with money-making in a completely unambiguous way. Unfortunately such a link requires Franklin to stand in the Puritan tradition, whereas most writers see him as an example not of debased Puritanism but eighteenth-century utilitarianism and individualism. Certainly he had a Calvinist upbringing, but his whole later life and ideas suggest that it had very little lasting influence on him. It is simpler to find non-religious explanations for Franklin's ideas; in any case he lived two centuries after Calvin, and it is now established that Calvinism was not a constant during this time. Franklin's attitudes, even if they could be proved to derive from eighteenth-century Calvinism, are of little use for explaining the impact of Calvinism in the sixteenth and seventeenth centuries.

Weber seems to have a stronger case for his claim that Western attitudes towards work, thrift and time were unique, and not to be found in other societies until exported outside America and Europe in the nineteenth and twentieth centuries, along with Western science and Western technology. Whether he was right to hold such ideas to be basically irrational in the context of Western society is another question. There is evidence, however, that though such attitudes were unique in the West, they were present before the Reformation, and that by the seventeenth century they received indirect encouragement from Protestant minister and Catholic priest. Once again the central dilemma

is reached. Did a changing society develop new attitudes to fit the circumstances, or was it necessary for new attitudes to exist before society could be changed? Did the Puritan message of hard work, thrift, rationality, etc. stem solely from reformed theology, or were the ministers unconsciously expressing the values of an increasingly rationalistic and capitalistic society? Tawney tried to combine both arguments by asserting a two-way influence, and making the late Puritan ethic a contributory, not a prime, cause of the rise of capitalism. But once religion has been moved from its central position and assigned a subordinate role, the problem is to decide just where it ranks among a host of other contributory factors.

48 The Traditional Ethic

GIOVANNI RUCELLAI

The following is an example of Weber's pre-capitalistic attitude towards money, expressed by Giovanni Rucellai.

It is much sweeter to spend money than to earn it. . . . I think that I have done more by having spent money well than by having earned it. Spending gave me a deeper satisfaction, especially the money I spent on my house in Florence.

The Social World of the Florentine Humanist
Quoted in L. MARTINES
p. 22
Routledge and Kegan Paul 1963

49 Household Economy and Time

L. B. ALBERTI

The Florentine, Leon Battista Alberti (1404–72), architect, poet, musician and author, is famous as an 'uomo universale' *(many-sided man) of the Renaissance. His work* On the Family *in the customary dialogue form, emphasizes*

the qualities of prudence and careful management which Weber suggested were byproducts of the Protestant ethic. The Italian word 'masserizia', translated as 'thrift' in the following passage, had no fixed meaning for Alberti, but it usually implies economy or prudence in the management of domestic and personal possessions.★

. . . Just as extravagance is a bad thing, so is thrift (*mazzerizia*) good, useful and praiseworthy. Thrift harms no one and benefits the family, and I contend that only thrift can sustain you so that you will never have need of others. Thrift is a holy thing. How many unclean desires and shameless yearnings have been banished by thrift? You must not doubt, Lionardo, that extravagant and lustful youth was always only too liable to ruin an entire family, whereas thrifty and prudent old men are the salvation of the family. You must be thrifty even if it was not the fact that you obtain from it a wonderful satisfaction through living easily on what fortune has given you. In my opinion the man who lives content with what he possesses does not deserve the reputation of a miser. Spendthrifts are the true misers because they are not satisfied with spending money, and never feel that they have acquired enough and gather this and that from wherever they can. . . .

Thrift consists as much in using things properly as in looking after them, doesn't it? Therefore I try to make the best use of my time and endeavour not to waste any. I try to give as much time as possible to praiseworthy activities and not to unimportant matters. Nor do I devote more time than necessary to doing things well. In order not to waste any of such a precious thing I have drawn up this rule for myself: never to permit myself to remain idle; to vanquish sleep and not to lie down until conquered by tiredness, because it seems to me shameful to fall and lie down conquered without fighting against it, or, like many, to surrender before having fought. This is what I do. I avoid sleep and idleness by always doing something. Do you know what I do, my children, in order not to get things confused by doing two things at the same time and find that I have begun many things and completed none, or that I have finished the worst thing and left the best thing unfinished? First thing in the morning, when I get up, I think to myself, what shall I do today? There are so many things to do, and I try to list them, and assign a specific time to each. This is to be done this morning, that this afternoon, and that this evening. In this way everything

★ I should like to thank my colleague Dr G. Carsaniga for advice on the translation of this passage.

is done according to a plan and almost without fatigue. Niccolaio Alberto, a most alert and active man, is wont to say that he has never seen a diligent man work anything except slowly. It may perhaps appear to the contrary, but in my experience it is true. The negligent man wastes time until either necessity or his own will stirs him, and then, when time has almost run out, necessity obliges him to work at great haste and with great pain to do what would have been done easily at the proper time. And bear in mind, my sons, there will never be anything so abundant and so easily found that won't be difficult to find out of season. Seeds, plants, pruned branches, flowers, fruit and all things are ripe at the proper season, but it is only with great difficulty that they can be produced at another season. Therefore, my sons, you must watch time, arrange your affairs according to time, and you must never lose a single hour. I ought to tell you what a precious thing time is, but this can be discussed elsewhere with more suitable eloquence, with greater skill and with more abundant learning than I am capable. Only let me remind you never to waste time.

I Libri della Famiglia in *Opere Volgare*
ed. C. GRAYSON
vol. I, pp. 163–4 and 176–7
Bari 1960

50 Comment on Alberti

W. SOMBART

L. B. Alberti was the most perfect type of the 'bourgeois' of those days, and his works provide a mine of information for obtaining an insight into the attitude of that generation of middle-class folk. *Del Governo della Famiglia* is from his pen, and you may find in it the same opinions which in a later age were expressed by Daniel Defoe and Benjamin Franklin. Alberti's book is of still greater value because, as we know, it was already a classic in its own time. It was much admired and widely read, and other wise fathers of families quoted it in full or in a shortened version. . . .

Alberti speaks of thrift as being 'holy' – *sancta cosa la masserizia*. What exactly he means by *masserizia* he does not say in one place. But

scattered up and down his book are references to it. If we sum them all up we shall find a more or less complete conception.

A wise economy, according to Alberti, calls for certain fundamental things.

1. It calls first for thought. A good manager always carefully thinks out what it is he has to do. He concerns himself with ways and means, devotes himself entirely to the task before him; is not ashamed to speak of it, in no wise deeming it low or menial; indeed, he is rather proud of it. What was new about all this was that it received general recognition, even by the rich and the great. The chapman had always been careful of the pennies, and the small shopkeeper's life was taken up with making both ends meet. That was only to be expected. But the wealthy man and the man of influence, the man who had as much as a feudal lord of old – that he too, should give a thought to balancing income and expenditure, that was the novelty!

The mere statement of this already implies that a new standpoint has been raised. The maxims of the old seigneurial way of life were now utterly rejected. Expenditure had dominated the feudal economy. . . . The feudal lord needed so much or more to live on or to spend; consequently, that amount had to be forthcoming. But now income was the governing factor in all economic activities. 'Be mindful, O my sons, never to let your expenditure exceed your income.' That is the last word of wisdom in the third volume of Alberti's work, as indeed it is the conclusion of Pandolfini's treatise; it is the alpha and omega of all successful domestic economy, the *credo* of every good '*bourgeois*', the motto of the new age, the quintessence of the worldly philosophy of all worthy folk.

2. All middle-class capitalist activities rested on this foundation so that the thought that was called for as the first fundamental need was given as an objective – thrift, which became the second.

Not enforced thrift, mind you, but thrift exercised willingly. Poor folk knew the first kind of thrift from bitter experience. But now rich men became thrifty, and this was the unheard-of thing. Before long, the original doctrine of not spending more than you were earning gave rise to its corollary of actually spending less than you were earning. The idea of saving thus came into the world, of saving not as a necessity but as a virtue. . . .

For a perfect economy in business (and in life) you require not only thrift (which may be termed economy of matter) but also the proper co-ordinating of actions, and the profitable employment of time (what

may be termed the economy of the mind). This the master preaches insistently and incessantly. We are to be scrupulously careful in the management of three things – our soul, our body, and, most of all, our time.

The Quintessence of Capitalism
trans. M. EPSTEIN
pp. 104–8
T. Fisher Unwin 1915

51 The Pulpit and the Counting House

WILLIAM PERKINS

The following passages illustrate Weber's observation that 'The process of sanctifying life could thus almost take on the process of a business enterprise'. The commercial ethics permeate the language of Puritan divines, even though they endeavoured to retain economic individualism by reasserting the traditional morality.

Let us a little search how we may be able to make a good account before God at the last day: For the doing thereof, we must take a forehand reckoning of ourselves, in the time of our life. For in common experience we see, that such as desire to make just reckonings with others, do reckon first with themselves. In this forehand reckoning, three things must be done. First we must draw out the bill of our receipts and expenses . . . Tradesmen, for their temporal estates, keep in their shops books of receipts and expenses. Shall not we then much more do the like for our spiritual estates? . . . Now when these two bills of our accounts are made, we must consider in the next place, whether we are able or not to make an even reckoning with God, or no.

WILLIAM PERKINS
Works
vol. I, p. 778

THOMAS GATAKER

CHRIST'S GENERAL WATCHWORD

As Tradesmen therefore and those that have much dealing in the world, are wont to have their day-books, to keep particular account of each

day's both receipt and expense; so an exceeding great help would it be unto us in good causes, if we could bring ourselves in a constant course to take every day at even an account of ourselves, how we have spent that day, and what account we are able to give of it unto God.

T. GATAKER
Sermons, 1637
p. 105

52 The Improvement of Time

'R.T.'

There is something more material which is near us, that we overlook by looking so far off; that is, the little value or price we set upon that inestimable jewel, *time*, which most people slight, like the cock in the fable, if they cannot make use of it, to satisfy their lascivious appetites. It is the industrious hand, that enricheth the land, and not the contriving pate . . . The wasps and hornets by their rapine bring to their nests more honey at once than the industrious bees can at many times; and yet, for all this, they usually die for want in the winter; whilst the industrious bees, by continual labour and improvements of time, gather sufficient to serve themselves in the winter, and can afford their masters a liberal share out of their plentiful stock.

I shall begin first with the inferior rank of people, for those are the persons most concerned in this general complaint, and show them, how they may remedy what they complain of.

First, let them be diligent and industrious in their several trades and callings.

Secondly, let them avoid all such idle societies, that squander away a great deal of time, at a cheap rate.

I shall instance in those sober and civil conventions, as at coffee houses, and clubs, where little money is pretended to be spent, but a great deal of precious time lost, which the person never thinks of; but measures his expences, by what goes out of his pocket; nor consider what he might put in by his labour, and what he might have saved, being employed in his shop . . .

For these clubs and societies (how civil soever they appear to be) it is impossible in any such meetings, but some of them are given to vice;

and it is probable, the greatest part. By this means are introduced gaming, foolish wagers, wenching, swearing and other debaucheries. And usually at parting, or breaking up of these clubs, they divide themselves according to their several inclinations or dispositions; some go to a tavern, some to a convenient place for gaming, others to a bawdy-house; by which means the family is neglected, and not governed as it ought to be; the wife (though possibly a very virtuous and careful housewife) exasperated by the extravagances of her husband, and foreseeing poverty and want attending her, and her children, grows desperate; and, it may be, yields to some temptations which are too common in these days; by which mean, oftentimes an estate, that was gathered by grains, is scattered abroad by bushels.

The Art of Good Husbandry, or the Improvement of Time: Being a Sure Way to Get and Keep Money, 1675

53 Redeeming Time

RICHARD BAXTER

To redeem Time supposeth (1) that we know what we have to do with Time, and on what we ought to lay it out; and of how great worth the things are for which we must redeem it. (2) That we highly value Time in order to do this necessary work. (3) That we are sensible of the greatness of our sin and loss, in our negligent or wilful losing so much as we have done already. (4) That we know the particular season of each duty. (5) And that we set less by all that which we must part with in redeeming Time, than we do by Time itself, and its due ends; or else we will not make the bargain . . .

To redeem Time is to see that we cast none of it away in vain; but use every minute of it as a most precious thing, and spend it wholly in the way of duty.

The end and uses which Time must be redeemed for are these. (1) In general and ultimately, it must be all for God. Though not all employed directly upon God, in meditating on him, or in praising to him; yet all must be laid out for him, immediately or medially, that is, either in serving him, or in preparing for his service; in moving or in whetting; in travelling or in waiting to be fit for travelling. And so our time of sleeping and feeding and needful recreation is laid out for God.

(2) Time must be redeemed especially for works of public benefit: For the Church and State; For the souls of many . . . (3) For your own souls and your everlasting life; For speedy conversion without delay, if you be yet unconverted. . . . For the making sure of your calling and election . . . (4) We must redeem Time for the souls of every particular person, that we have opportunity to do good to; especially our children and servants and others whom God hath committed to our trust. (5) For the welfare of our bodies that they may be serviceable to our souls. (6) And lastly for the bodily welfare of others: And this is the order in which those works lie, for which and in which our Time must be redeemed.

A Christian Directory:
or a Summ of Practical Theologie and Cases of Conscience
p. 275
London 1673

54 Good Order

JEAN CRASSET

Was Protestantism unique in promoting the capitalist spirit? Compare this exhortation of the French Jesuit, Jean Crasset (1618–92) with the advice of his contemporary, Richard Baxter. See also Jean Savary on the importance of good order in business (p. 84).

Set yourselves a rule for the day, which you will keep unswervingly unless you are prevented from so doing by a superior order which obliges you to set it aside. Rule the time of your rest, of your meals, of your study and of your recreation. The life of heaven is a life of order; begin a life which you will continue in eternity; it will be all the more agreeable to God, more convenient to your family, if you have one, and more profitable to your salvation.

Considérations sur les principales actions christiennes, 1732
Quoted B. GROETHUYSEN
THE BOURGEOIS: CATHOLICISM VS. CAPITALISM IN EIGHTEENTH-CENTURY FRANCE
(trans. Mary Ilford)
Holt, Rinehart & Winston 1967

55 Thrift and the Accumulation of Capital

K. SAMUELSSON

K. Samuelsson, author of an important study of the controversy, questions the belief that thrift was significant in the development of capitalism. In turn objection has been made to Samuelsson's reliance on nineteenth- and twentieth-century capitalists for his evidence, and it has been suggested that in the early stages of capitalism, up to the Industrial Revolution, enterprises were small and capital investment restricted, so that thrift could have made a significant contribution to economic progress. Another line of argument has been proposed by J. Schumpeter, who contended that the entrepreneur, the innovator whose vision constantly pushed economic progress on, did not put up his own capital, indeed frequently he came from humble origins. The entrepreneur risked someone else's accumulated profits, not his own. Clearly, patterns of investment may differ considerably at the various stages of economic growth. As yet little is known about either about the background of industrialists and businessmen for any country before the nineteenth century, or how early business enterprises were financed.

First, it is quite evident that, with few exceptions, those persons and classes in the most economically advanced countries who were the main representatives of the kind of economic activity relevant to the present purpose were not characterized by thrift in its strict Puritan or ascetic sense. It is true that contemporary complaints about the extravagant ways of life of big merchants, manufacturers or ironmasters were exaggerated in the sense that such complaints overlooked the element of 'competitive consumption', the essential business entertainment, the improvement of creditworthiness and enhancement of social standing that were contained in a high style of life. It is also true that the ratio of these costs to the total was greatly overestimated. This does not prevent the details recorded often being correct in themselves. Practical reality was as far removed from the frugality enjoined by Calvinism and Puritanism as it was possible to be. The palatial old residences of businessmen in one mercantile city after another – Berne, Geneva, Zürich, Amsterdam, Antwerp, London, Lübeck, Danzig, Stockholm – are testimony enough. Summer residences, country estates and pleasure yachts, records of servants, vehicles, clothes, funerals, weddings and other festivals complete the picture. A way of life verging on the lavish was far more typical than the pathological niggardliness that Calvin, Colbert and the Free church fathers all exalted as the ideal.

Rockefeller and Carnegie are often instanced as examples of an almost morbid thriftiness. Yet the effective role of this trait – when it existed at all – was surely negligible. The great palaces, the princely courts with which such seigneurs surrounded themselves must not be obscured by the vision of the frugal meals or turned suits they may have affected. Many great capitalists have taken pleasure or snobbish pride in a certain personal simplicity, in economy over trivialities; and this has often duped both contemporaries and posterity. People note and magnify the image of a Rockefeller or a Morgan holding a glass of milk. In the popular image should not such men drink champagne every morning? Or a Carnegie in a turned suit. Surely a legendary figure in sables, his fingers glittering with precious stones?

Secondly, the whole concept of an intimate association between thrift and the large-scale accumulation of capital is doubtful. Obviously thrift and diligence were often a prerequisite of a successful start in life: the capital saved by parents or relatives, hard years of self-denial to secure sufficient education, to perfect an invention, to get an idea successfully launched, or to scrape up a little capital to branch out independently. Swedish industrial entrepreneurs, for example, seem usually to have followed moderate, if not exactly frugal, habits of life during the early years when they were establishing themselves. But standards rose as incomes rose, and among the fairly prosperous the standard of living seems generally to have been at a level appropriate to the upper class of the period. And thrift as a virtue of necessity rather than a virtue in itself is *not* what Weber meant, but the very antithesis of this.

Nor can thrift have been the principal means of amassing such concentrations of capital as the enormous fortunes of the great manufacturers and merchants in England and the Netherlands. The possession of great wealth and the command of really important capital assets – and this is what we must consider, not the painfully hoarded coppers of small traders and craftsmen – can scarcely have derived, even exceptionally, from 'saving up' in the connotation usually implied by this expression, a connotation which Weber must also have intended if his argument is to make any sense at all. Although hard work has certainly and often made its contribution, great fortunes are, and for the most part always have been, the product of 'fortunate speculations', of vast profits from vast risks and vast luck – in short, of speculation and capital gains usually in association with extensive structural changes and innovations in economic life.

Except in one or two instances during the modest early days, it was certainly not thrift that, in Sweden, brought riches to the Arfwedsons, Grills, Lefebures and Jennings, or later on to Wingquist, the Wallenbergs, the Johnsons and Wenner-Gren; nor was it thrift that made millionaires and multi-millionaires of the De Neufvilles, Hopes, Cliffords and Hogguers in eighteenth-century Holland, or of Morgan, Carnegie, Rockefeller, Vanderbilt and Harriman in nineteenth-century America. The determining factors were the volume and fortune of business, enormous capital gains on unexploited, or previously ill-exploited, natural assets, and the monopolization of markets or credit.

With few exceptions, all great fortunes, far-flung economic empires and individual concentration of economic power have been built up at tremendous speed, in the course of a single generation, not of two or three (although time may have increased wealth still further), in a single decade or even a single year. As W. W. Jennings points out when discussing the great American fortunes, it needs no very advanced mathematics to demonstrate that thrift cannot have been the explanation of the wealth of such as Carnegie or Rockefeller. If Carnegie had saved 10,000 dollars a year he would have needed 4,500 years to reach 45 million dollars, i.e., he would have had to start at about the time that the pyramid of Cheops was built. It would not be proper to assume compound interest on the capital sums over this long period, because of course Carnegie only had a few decades at his disposal. When he retired, it was with a personal fortune of 375 million dollars. If John D. Rockefeller, who was estimated in 1921 to possess three thousand million dollars, had saved 100,000 dollars a year, he would have needed 30,000 years. At this time (1921) fifty American families had fortunes of over 100 million dollars each and a hundred families over 50 million dollars each. Let us take another example. Anyone who bought 20,000 dollars' worth of shares in General Motors in 1913 would have been worth about 15 million dollars in 1957. At five per cent compound interest, it would need an annual saving of 200,000 dollars for at least 30 years to reach a like amount. 'No man,' Jennings sums up, 'can legitimately save millions in a lifetime.' Genius, sheer luck, a clear eye for market opportunities, a flair for publicity, hard work, low cunning, vast capital gains on natural assets – all these are possible and plausible factors. But to speak of thrift as a decisive or even substantial factor where large fortunes are concerned is utter nonsense.

For a purpose quite different from that of this book Frederick Lewis Allen analysed a series of Horatio Alger's stories to see how the hero

won his riches. Alger is one of the group of writers, religiously inclined and preaching thrift and diligence, cited by Wyllie and others; he is generally considered to have exerted a tremendous influence on the American sense of values. The hero of Alger's books was always a poor boy who finished up rich. His first steps on the road to success were invariably marked by the twin virtues of diligence and thrift. This much is in harmony with the Weber theory. But at the crucial point, this harmony vanishes. To have the little lad reach the higher realms of wealth simply through diligence and thrift was straining credulity much too far, even in moralistic stories for young people. In the end, Alger always resorted to a gigantic inheritance, left to his hero by some previously unknown relative, or as a gift from a multi-millionaire who felt the virtuous boy to be worthy of a reward. Thrift and diligence were adequate instruments for winning the favour of rich relatives or bosses or millionaires' daughters, but not for achieving wealth single-handed. Alger understood, and appreciated that his young readers would also understand, something that had evidently never occurred to Weber: in the real world, capital formation by individuals, the accumulation of large fortunes, and the concentration of economic power all occur through a variety of different media, and virtuous work and assiduous saving are clearly among the less usual and less effective of these.

Religion and Economic Action
trans. E. G. FRENCH
pp. 83–7
Scandinavian University Books, Stockholm 1961

56 Comment: The Protestant Ethic and Economic Progress

In the last passage K. Samuelsson cites the careers of great businessmen and financiers to prove his contention that thrift is not an important factor in capital formation. This introduces an issue which has escaped the attention of most writers concerned in the debate, Professor Supple's contribution being an exception, although Sombart indirectly

raised it many years ago. Sombart distinguished between the bourgeois and non-bourgeois elements in the spirit of capitalism. He held that diligence, abstinence and rationality characterized the bourgeois attitude, though a non-bourgeois spirit of adventure had to be fused with it before the all-important spirit of capitalism was created. Puritan writers seem to be more concerned with hard work and thrift than most contemporary Catholic writers, though Weber and Tawney may have erred in tracing the theological roots of this aspect of the Puritan ethic. The sober, calculating small businessman may have found his way of life confirmed by certain parts of the Protestant message, especially in the late seventeenth century, but generations before the Reformation, as Sombart established, the bourgeois attitude was apparent. After the Reformation, in Calvinist countries, the cautious shopkeeper now found his way of life apparently sanctified by holy men, even though the latter long remained suspicious of the end product, profit.

More important is the question whether Weber missed the dynamic element in economic progress by deliberately omitting the great financiers, even though, as Professor Supple observes, great financiers were usually merchants too. It is necessary at least to note the possible confusion, since this has served to muddle the controversy. Mr Hill, for example, in his important study of seventeenth-century Puritanism, *Society and Puritanism in Pre-Revolutionary England* (1964), stresses its appeal to 'the industrious set of people', whom he defines as 'yeomen, artisans and small and middling merchants'. Professor Trevor-Roper on the other hand, confining himself to the great seventeenth-century financiers, finds that 'worldly asceticism' is not an apt description of their way of life. Weber gave no example of his ideal type. A sound rule in any argument is to compare like with like. The fact that great international merchants did not have the same mentality as 'middling merchants' should not cause undue surprise.

The evidence is clear that economic progress accelerated in the sixteenth and seventeenth centuries, though on traditional lines, with commerce and finance prominent, and industry relatively unimportant. It is also clear that some, but not all, of the Calvinist countries were beginning to overtake the old Catholic southern European powers, while in France, where the two religions coexisted until 1685, the Protestant Huguenots formed the backbone of the commercial classes. Professor Trevor-Roper points out the weaknesses of the argument which deduces a simple Protestant–capitalist relationship from the post-

Reformation situation. Was it really on account of the novel Protestant ethic that Protestant countries were in the van of economic progress? It has been contended that this ethic aroused a ready response from the sober citizens of such important trading centres as London and Amsterdam, but were such men the dynamic force in the economic advance of Europe? Who contributed more to this advance, the small weavers who formed a substantial part of Richard Baxter's flock at Kidderminster, or the great international merchants and entrepreneurs of England and Holland who traded with America, founded the English and Dutch East India Companies, who organized the drainage of marshes and capitalized sections of the domestic economy, such as mining and parts of the textile industry? Was the ethic of thrift and diligence the key to their success and worldly asceticism the driving force of their labours? Perhaps these characteristics are more applicable to the small shopkeeper and businessman who were the backbone of the commercial life of the country. Without their small-scale but essential functions, the ventures of the speculators and entrepreneurs could not have transformed the economic structure of Europe.

Even if it be accepted that the Protestant ethic did differ significantly from the traditional, Catholic ethic, and that it exercised a strong appeal to the bourgeoisie of western Europe, and such contentions remain debatable, the crucial questions remain. How far did the Protestant ethic create the spirit of capitalism, and was this spirit of capitalism, as identified by Weber, the key to economic progress in the two centuries following the Reformation?

V

Richard Baxter: Friend or Foe?

57 Three Views of Baxter's Writings

Several passages from Richard Baxter have already been cited. The reason for devoting so much attention to his views is that he features prominently in the arguments of Weber and Tawney, as well as in the counter-arguments of Robertson and Samuelsson, two of their leading critics. Three comments on Baxter follow to illustrate the conflicting interpretations of his opinions.

MAX WEBER

Richard Baxter stands out above many other writers on Puritan ethics, both because of his eminently practical and realistic attitude, and, at the same time, because of the universal recognition accorded to his works, which have gone through many new editions and translations . . . His *Christian Directory* is the most complete compendium of Puritan ethics and is continually adjusted to the practical experiences of his own ministerial activity. . . .

One is struck at first glance at the emphasis placed, in the discussion of wealth and its acquisition, on the ebionitic elements of the New Testament. Wealth as such is a great danger; its temptations never end, and its pursuit is not only senseless as compared with the dominating importance of the Kingdom of God, but it is morally suspect. Here asceticism seems to have turned much more sharply against the acquisition of earthly goods than it did in Calvin. . . . Examples of the condemnation of the pursuit of money and goods may be gathered without end for Puritan writings, and may be contrasted with the late medieval ethical literature which was much more open-minded on this point. . . .

Waste of time is thus the first and in principle the deadliest of sins. The span of human life is infinitely short and precious to make sure of one's own election. Loss of time through sociability, idle talk, luxury, even more sleep than is necessary for health, six to at most eight hours, is worthy of absolute moral condemnation. It does not yet hold, with Franklin, that time is money, but the proposition is true in a certain spiritual sense . . .

Accordingly, Baxter's principal work is dominated by the continually repeated, often almost passionate preaching of hard, continuous bodily or mental labour . . .

The Protestant Ethic and the Spirit of Capitalism
pp. 155–7
George Allen and Unwin 1930

R. H. TAWNEY

Both in form and matter his *Christian Directory: or a Summ of Practical Theologie and Cases of Conscience*, is a remarkable book. It is, in essence, a Puritan *Summa Theologica* and *Summa Moralis* in one; its method of treatment descends directly from the medieval *Summae*, and it is, perhaps, the last important English specimen of a famous *genus*. Its object, as Baxter explains in his introduction, is 'the resolving of practical cases of conscience, and the reducing of theoretical knowledge into serious Christian practice'. . . .

Part of its material is derived from the treatment of similar questions by previous writers both before and after the Reformation, and Baxter is conscious of continuing a great tradition. But it is, above all things, realistic, and its method lends plausibility to the suggestion that it originated in an attempt to answer practical questions put to its author by members of his congregation. Its aim is not to overwhelm by authority, but to convince by appeal to the enlightened common sense of the Christian reader. It does not overlook, therefore, the practical facts of a world in which commerce is carried on by the East India Company in distant markets, trade is universally conducted on credit, the iron manufacture is a large-scale industry demanding abundant supplies of capital and offering a profitable opening to the judicious investor . . .

The Christian, he insists, is committed by his faith to the acceptance

of certain ethical standards, and these standards are as obligatory in the sphere of economic transactions as in any other province of human activity . . . Whatever the laxity of the law, the Christian is bound to consider first the golden rule and the public good . . .

Usury, in the sense of payment for a loan, is not in itself unlawful for Christians. But it becomes so when the lender does not allow the borrower 'such a proportion of the gain as his labour, hazard or poverty doth require, but . . . will live at ease on his labours'. . . .

The first characteristic to strike the modern reader in all this teaching is its conservatism. In spite of the economic and political revolutions of the past two centuries, how small, after all, the change in the presentation of the social ethics of the Christian faith!

Religion and the Rise of Capitalism
pp. 219–24
Penguin 1938

H. M. ROBERTSON

It must remain open to dispute whether the most characteristic feature of Baxter's writings was his respect for the traditional morals which the Churches had agreed in applying to the conduct of business, or his practical feeling that the good businessman was not necessarily a bad Christian, and his readers are likely to decide the matter according to their own predelictions. But of one thing we can be certain – that his favour shown to the businessman was not the result of his Puritanism. It was the result of being, through his exceptional relations with his congregation, bound up with the practical life. It is impossible to regard Baxter as lending a wholehearted support, either to the capitalist or the traditionalist side. He was not a leader; he was trying to reconcile the Christian and the commercial life, as St Thomas had tried in the thirteenth century. But he had to make greater concessions to the commercial spirit than Aquinas, and, being a man of his age, he probably made them the more easily.

Aspects of the Rise of Economic Individualism
p. 21
Cambridge University Press 1933

VI

The Beginnings of Economic Liberalism

It was Tawney's contention that Weber erred in supposing a one-way relationship between Protestantism and capitalism; in reality the relationship was reciprocal. From the beginning Calvinism exhibited two conflicting tendencies; one urging discipline and social responsibility; the other individualistic. In England during the crucial era after the Restoration the competitive economic environment fostered the latter characteristic, at the expense of the former. It was not true that commercial pressures created a new Puritanism, but they did encourage elements which had previously been present but repressed. Thrift and hard work had been urged by earlier ministers, but after the Restoration godly ministers seemed less worried by the riches and worldly success which these virtues seemed to create. They even found that economic writers were urging the same virtues. Simultaneously, the merchant secured a more favourable position in society, and traditional aristocratic contempt seems to have been muted if not entirely stilled.

Just as Tawney emphasized the non-religious, pre-Reformation genesis of capitalism, so he pointed out that the new approach towards economics was also non-religious, having been created in the City of London. Though Puritans found that they held attitudes in common with economists, the suggestion was not that 'political arithmetic' or economic liberalism were fathered by the Protestant ethic, although contemporaries and historians have been struck by the close relationship between Nonconformity and trade after the Restoration.

The strong moral undertones of Tawney's writing are most striking here. Wholehearted support for trade and economic liberalism marks a fatal stage in Christian moral theology. Instead of trying to change society, and stamp out these harmful new attitudes, the Churches abandoned their traditional function and capitulated. Tawney's Christian socialism, his passionate hatred of the injustices, inequalities and evils of modern capitalism may have distorted his interpretation at

this point. Although the historian is aware that late Stuart England is 'capitalistic', it was but a very early stage; contemporary social commentators like Gregory King never recognized a class of capitalists or industrialists: they were still ranked with merchants. The factory system, large-scale industries, an industrial proletariat, these may have been the logical outcome of seventeenth-century capitalism, but ministers can scarcely be blamed for not prophesying the future of capitalism. What they saw of commercial life did not seem harmful; on the contrary merchants and shopkeepers were most useful members of society, even if they were sometimes guilty of sinful practices. The argument that the merchant benefited the whole community was not new. Mention has already been made of its existence in the Middle Ages, and it was a commonplace of numerous treatises on trade and the profession of the merchant. A fifteenth-century example appears on page 80, but the same arguments are repeated in most European languages in the sixteenth and seventeenth centuries; for example, the *Della Mercatura e del Mercanti Perfetto* (1573) of Cotuigli Raugeo; *England's Treasure by Foreign Trade* (1620) by Thomas Mun, and *Le Parfait Negociant* (1675) of J. Savary.

Though this concern for the community may have been a convenient, tongue-in-cheek argument for the merchant, it did correspond with traditional social assumptions. Tawney argued that the later brand of Puritanism, with its emphasis on individualism, shattered the traditional beliefs and liberated economic activity from religious and moral restraints. Certainly individualism is a characteristic of Protestantism, but it has been a severely restricted individualism. The individual conscience may be the ultimate guide, but in practice Protestant Churches preached a collective morality, and individualist deviation was greeted with first reason, and finally excommunication. The major Protestant Churches were as terrified as the Catholic Church of heresy and individualism.

Though economic writers in the late Stuart period continued to pay lip-service to the public good, in reality they were pioneering a statistical, fundamentally secular and amoral approach to economic and social problems. They investigated, as Gresham had done over a century before, and others before him, the purely economic factors which affect for example the rate of exchange, the level of interest, the balance of trade and the market forces. It has sometimes been held that strict analysis of the 'Just Price' in terms of the market price, and factors of demand and supply was a revolutionary step, which subverted the old

idea of the 'Just Price' while keeping the phrase. In fact, as it has been stated earlier, there was a long history for such an approach to the 'Just Price', and neither ministers like Steele nor economic writers were revolutionaries boldly justifying the new society.

The 'Classical economics' of the nineteenth century exhibited a strong tendency to separate economics from moral considerations. Economic laws derive from the practice of the market place, not from natural law. The late eighteenth-century attitude is summarized, 'trade is one thing, religion another'. Adam Smith (1723–90) cynically remarked in *The Wealth of Nations*, 'I have never known much good done by those who affected to trade for the public good. It is an affectation, indeed, not very common among merchants, and few words need be employed in dissuading them from it.'

Possibly knowledge of the stern creed of later classical *laissez-faire* economists, with their praise of self-interest and dislike of any form of external control whether political or moral, has caused some further distortion. The idea that economics was an independent, autonomous discipline grew up less quickly than was supposed. It took a long time to shake off deep-rooted traditional assumptions, in many respects the founders of 'political arithmetic' were less revolutionary than they and later historians supposed. Adam Smith, for example, was a Professor in Moral Philosophy at Glasgow, and it was an unprecedented step when he removed that part of his lecture course which dealt with economics from the section dealing with justice to the section dealing with expediency. Before Smith Scottish moral philosophy had treated economic matters on principles based on ethics and law.

The manner in which Nonconformist ministers reaffirm certain traditional views is striking. Though later studies have endorsed the view that the attitude towards riches, commercial success and usury was much more relaxed, ministers did not, as Tawney believed, abandon the opinion that economic matters must be subject to ethical considerations, among which social obligations were pre-eminent. In several significant ways Protestant individuals differed from the growing cult of economic individualism.

R. B. Schlatter (ref. 50) has concluded that 'Divines accepted the existing society, gave it a rationale, and softened its harsher elements by an appeal to mercy and charity'. Anglican and Nonconformist ministers were still important social figures, and provided some of the leading thinkers of the age. But their temper was unheroic: latitudinarianism, natural religion and perhaps even exhaustion after the

religious excitement of the past century seem to have sapped their vitality. Their aim was to soften, not to reform society; in varying degrees both the Anglican and Puritan traditions came to terms, and even welcomed for the best possible reasons the commercial temper of society. Tawney's implied criticism, that it was at this stage that the Churches lost sight of their social mission, may be harsh on the godly ministers who genuinely found little wrong with the form of capitalism which they knew.

The basic question, however, of how much Protestantism positively contributed to the growing spirit of capitalism must remain an open question. Critics of Tawney have observed that if economic individualism and capitalism were growing fast without any assistance from the Protestant ethic, then it seems unnecessary to introduce additional, extra-economic factors to explain its continued, or even accelerated expansion. Against this there is the argument, incapable of proof or disproof, that until psychological obstacles had been removed and agrarian and feudal social values transformed, modern capitalism could not have conquered the West.

58 The Other Face of Mercantilism

CHARLES WILSON

Tawney used 'the new medicine for poverty' to illustrate the increasingly capitalistic, utilitarian atmosphere of late seventeenth-century England. He believed that the traditional Christian attitude towards the poor was replaced by a harsher, more rationalistic approach. In the following passage, however, Professor Wilson casts some doubt on the validity of Tawney's views.

Previously Professor Jordan, in his monumental Philanthropy in England 1486–1660 (*London, 1959*), *showed that in this period the merchant community exhibited a great concern for the problem of poverty. Their benefactions not only assisted the poor by occasional gifts but also went some of the way to remedying the more obvious root causes of poverty. Whatever their motives the merchant class in this period cannot be accused of uncharitableness.*

. . . Is the true explanation [*of the condition of the poor in early eighteenth-century England*] to be found (as some historians have suggested) in a decline of charity, in a harsher and more censorious attitude towards

poverty and misfortune? The title of Professor Tawney's chapter on the period – 'The New Medicine for Poverty' – gives a suitably sinister twist to the theme. Statistical comparisons of virtue, whether of individuals or societies, are not a promising branch of historical enquiry. But there exists one source of information as to the extent, if not the quality, of charity in England, which has not (so far as I am aware) been analysed. Under the provision of Gilbert's Act of 1782 the Minister and Churchwardens of the parishes of England and Wales were required to make a return of all the Charitable Trusts then existing, with the date of creation, the name of the donor, the object, the capital and annual income, and the title of the Trustees responsible for administering the charity. In all, some sixty or seventy thousand separate donations, mainly of seventeenth- and eighteenth-century origin, were recorded. They yielded a total income of £258,700 spread over all the counties of England and Wales . . .

To interpret reliably the enormous volume of information contained in the returns calls for an intimate knowledge of local economic and social history. But by a combination of random sampling and parochial analysis some pretty reliable impressions can, I believe, be obtained. . . .

The brief survey that has been undertaken does not, however, provide any warrant for supposing that the well-to-do were left any less charitably disposed by the social, economic and religious changes in the half century that followed the Restoration. There was undoubtedly some gradual decline – perhaps 10 to 20 per cent – between the *average* number of trusts created in the half-century before, and the half-century after, 1660. A similar fall occurred in the following fifty years. Josiah Child has himself remarked that 'formerly in the days of our pious ancestors the work was done but now charity is decreased'; but he goes on to explain that this did not proceed from any decline in charitableness, so much as from doubts whether it was proper that private gifts by the benevolent should reduce the poor rate levied on those with less tender consciences. It could indeed hardly be expected in a period when the yield from the poor rate was raised from £665,000 to £900,000 in fifteen years (1685–1701) that private donations should not in general be affected. We have seen the same phenomenon in our own day as the welfare state has expanded its functions. . . . The City of London had well over a thousand trusts, of which about one third were created between the Restoration and the Peace of Utrecht. At Norwich, too, nearly a third of the 160-odd trusts likewise

dated from this period. The collective charge that a whole class was through several generations guilty of social irresponsibility must, I think, be rejected as non-proven. The social conscience of the trading classes seems to me to have been no less tender than that of their feudal predecessors in office and may in some respects have been more sensitive. For the merchant did not move in society with the unself-conscious ease of the landed magnate nor speak with the confident voice of the landed clerk. He was in general a little more anxious than they to stand well with his fellow men, and for this, less fortunate members of society had cause to be thankful. Charity might go on breaking in. His habit of discriminating between deserving and less deserving beneficiaries may register a spiritual decline when compared with that of the medieval almsgiving that aimed only at the moral betterment of the donor; but it is by no means certain that the change brought anyone material loss.

'The Other Face of Mercantilism'
Trans. Roy. Hist. Soc.
5th ser., vol. IX, pp. 92–4
1959

Part Four
SOME PERSPECTIVES CONSIDERED

Some Perspectives Considered

Weber's later works put his original essays in a much wider context, He moved from Christianity and capitalism to the relationship between religion and social attitudes, especially towards trade and business, in non-European societies and civilizations. These important studies have been neglected by most of his historian critics, though they have long been well known to sociologists.

Even when discussion has centred on his early work wide issues have been raised, and the controversy impinges on not only economic and social history but also the history of philosophy, theology and economic thought. Earlier chapters have been intended to raise some of these issues and to illustrate some of the arguments rather than to summarize all aspects of the controversy and suggest positive conclusions.

This final section raises two sides of the controversy in a non-European perspective. The first passage briefly goes into the question of non-Christian attitudes towards usury, a topic which has loomed large in the controversy. In the second passage Professor Supple reviews the history of capitalism in the period between the later Middle Ages and the Industrial Revolution. The final passage examines Weber's thesis in the context of present-day America.

59 Islam and Usury

R. LEVY

The Muslim religion forbade its followers to practise usury; the Koran *(2:276, 4:199, and 30:38) was quite explicit in this matter. R. Levy, however, shows that, as in medieval Christendom, this prohibition was not universally observed. Indeed in Muslim India during the Middle Ages, the State permitted usury, and apparently the practice was widespread. As in sixteenth-century Europe, the State found itself obliged to permit what religion forbade, though in India the Muslim position was perhaps weakened*

not only by commercial consideration, but also by the existence of a large number of Hindus, whose religion allowed usury, though it was restricted to the valsya caste and maximum rates were imposed.

It is lawful, however, to sell goods for a profit if the cost price and the amount of profit are disclosed. According to the *fiqh* this applies generally if one commodity is bartered for another, for example, grain for gold. The *Koran* forbids as a deadly sin all taking of increment (*ribā*, interest or rent) as distinguished from *bay'*, 'transfer for equivalents'. The commentators, however, limit the prohibition to the taking of interest on, or the making of a charge for the loan of, gold and silver and articles of human consumption; the *hadith* further limiting the latter to wheat, barley, dates and raisins.

These various restrictions upon normal commerce have either been openly disregarded by many Muslims, so that trade has been carried on according to local custom, or have led to the adoption of subterfuges and legal fictions in order that the letter of the law might be observed while transaction went forward as necessity and custom demanded. Thus, to deal first with the question of interest, while many pious Muslims adhere to the law, so that – to take an instance – the unclaimed interest on deposits made by Muhammadans in the Post Office Savings Bank in India amounted to *lakhs* [*hundreds of thousands*] of rupees, while others take what they may get, and the Punjabi Muslim moneylender demands interest like others of his class. If he has a conscience, he takes the interest indirectly, in service or in kind, but sooner or later he finds it convenient to take the cash. A common way of evading the law is for the lender to hand over to his client a sum of money in return for some object of value, such as a house or a horse, which the client then buys back for a sum greater than he has received, the amount of difference representing the interest.

In Egypt, pious Muslims will lend cash to peasants and take payment in grain, or *vice versa*, as the season renders advantageous; the conversion rate including the equivalent of one hundred or two hundred per cent on each transaction. Even Muslim women lend their dowry money or the proceeds of their domestic poultry-keeping 'without pangs' of conscience.

The Social Structure of Islam
pp. 256–7
Cambridge University Press 1962

60 The Great Capitalist Man-hunt

B. E. SUPPLE

Not until after the Industrial Revolution do historical sources exist in any abundance for adequate business biographies. Dr D. C. Coleman, however, has made good use of the letters and papers of Sir John Banks (1627–99) in a biography which provides a rounded picture not only of the character of Banks, but also of his business career. The following lively review of this book by Professor Barry Supple offers a real-life capitalist to set alongside Weber's ideal type, as well as raising important general points on the history of capitalism.

It is a confusing but nevertheless much illustrated fact that at each point in time between the late Middle Ages and the late seventeenth century there is evidence of a 'rising middle class'. Indeed, to the unweighted average of historians the bourgeoisie is in a constant state of emergence: capitalism is ceaselessly being born. And wherever one looks one can find descriptions of the modern businessman in embryo: thirteenth- and fourteenth-century wool merchants, Florentine banking houses, German mining syndicates, sixteenth-century clothiers, Tawney's gentry, seventeenth-century joint-stock traders, Dutch middlemen, Restoration financiers, and so on.

At the basis of the search which leads to this constant rediscovery and relocation of the entrepreneurial roots of modern capitalism lies the frequent assumption that the economic system which we associate with modern industrialism must have had its origin in the distinct development, at a specific point in time, of appropriate modes of business outlook, behaviour and organization. This, in turn, implies the existence of a chronical watershed in economic history, a period in which business becomes decisively more 'modern' and 'capitalistic' – whether the criteria for this transformation are judged to reside in a profit motive, in attitudes to accumulation, in 'rationalistic' procedures, in corporate organization, in access to political and social power, or in the social prestige of enterprise.

All this applies to writings on Western economic history in general. Allowing for the fact that this country was slower in achieving commercial sophistication than, say, medieval Italy, it is equally true of England. And in English history, although the bloodhounds of capitalism

have roamed here and there in the late Middle Ages, and detected some exciting aromas in the Tudor period, it is the seventeenth century which has proved their happiest hunting-ground. This, of course, is both understandable and logical, for what better gestation period for the harbingers of modern capitalism than in the age of imperial trade and company flotation, of scientific empiricism and philosophical radicalism, of constitutional upheaval and financial transformation. The period which opens with the East India Company and closes with the Bank of England is bound to contain a host of budding capitalists. Hence it is not only the fortuitous survival of historical documents which has made the late sixteenth and seventeenth centuries such a fruitful source of business and company biographies.

The latest contribution to our knowledge of entrepreneurial activity under the Stuarts, is a considerable and stimulating one.* Mr Coleman's pen, which has already incisively and sardonically illuminated so many aspects of modern economic history, has once again been put to excellent use in dissecting the life, and to a large extent the times, of one of the leading businessmen of that vivid age which spanned the Commonwealth, the Protectorate, the Restoration, and the Revolution. Sir John Banks (1627–99) originated in a reasonably prosperous mercantile family at Maidstone. At twenty-four he was already participating in a syndicate supplying victuals to the Navy; he went on to provide a variety of commodities to the Navy on his own account, and to engage in the ultimate and most profitable provisioning – with money. Cromwellian finance was also associated with the normal acquisition of land and with trade to the newly inviting markets of the Mediterranean and the East Indies. By the Restoration Banks was worth some £25,000 in his own right, but that was only a beginning. Successfully weathering the Restoration, trimming his way through the political storm of 1660–89, aided by a rich inheritance from his father in 1669 (over £28,000), Banks continued his entrepreneurial career as public and private financier, trader and landowner. Between 1657 and 1672 his capital grew sevenfold, exceeding the magnificent sum of £100,000; by the late 1690s he was in receipt of an annual income of over £9,000 and, in the meantime, having disposed of almost £50,000 in portions and allowances to his children, could still count on a net worth of £170,000 – a figure that placed him among the very richest of contemporary businessmen. Although he never assumed a significant role

* D. C. COLEMAN, *Sir John Banks, Baronet and Businessman; A Study of Business, Politics and Society in Later Stuart England*, Oxford University Press, 1963.

in the traditional and prestigious hierarchy of London's government, Banks died, with a financial standing comparable to that of a modern millionaire, a member of the contemporary establishment. He had been a leading public financier, Governor of the East India and Royal Africa Companies, a Tory Member of Parliament, and a Fellow of the Royal Society. His son went on a Grand Tour accompanied by John Locke. His elder daughter married Heneage Finch, second son of the Earl of Nottingham, and subsequently Earl of Aylesford. And, having supplied estates and wives and capital to the landed aristocracy, his commercial and financial business died with him.

The broad outline of Banks's career will be familiar to anyone interested in the business history of the seventeenth century. The rapid accumulation of wealth on the basis of a moderately prosperous beginning, the profit potentialities inherent in creditworthiness, liquidity and the cultivation of friends in high places; the rewards of risk-taking in government finance during a period of dislocation and war; the dabbling in political affairs; the juggling of resources between moneylending, commerce and land; the commitment to trading companies; the siphoning of capital into country estates and a fashionable town house; the marital alliance with the nobility; and the self-dedication to business culminating in the tomb monument which (in Mr Coleman's typical phraseology) 'does not suggest for one moment that any but the rich should inherit the earth' – all these aspects of an industrious, money-making and varied career fall readily into the authentic pattern of a merchant prince of an age of opportunity. But the study under consideration is not content merely to embroider an established pattern nor to rest satisfied with a dutiful mention of a vague 'socio-political' environment. Instead, Mr Coleman grapples at length, and successfully, with those larger themes – of social setting and motive, of religion and political *milieu*, of ambition and character and inclination – which underlay and derived from the meticulous and abundant accounts which Banks kept throughout his long business career.

To his biographer, Sir John Banks is a child of his generation: a conservative trimmer in politics, rational and tolerant in religious and social outlook, moderate in emotions, opportunistic in his economic dealings; a seeker of order and peace and contentment in a disturbed epoch, his only real enthusiasm (and one which explained a good deal of his cool temperament in other matters) was for business activity, for the steady drive to wealth and position. Banks, on this view, was a

businessman first and foremost, a man whose entrepreneurial skills were, next to his faults, his most prized possession. But what sort of skills *did* he exercise? What qualities explain his success? These, of course, are the most difficult questions to answer, but even here Mr Coleman is able to shed some explanatory light. Indeed, given the advantages inherent in a pre-existing capital stock, and a beneficial marriage, the entrepreneurial qualities which might best produce a fortune in Banks's economic and social setting are reasonably obvious, even though they were relatively rare. Sir John was patently precise and exhaustive in his attention to the multifarious aspects of his economic activities; he mastered all the details and kept a constant and exact record of all his dealings; his moderation in politics and religion, and his avoidance of positions of explicit authority and power, unlike Lionel Cranfield two generations earlier, earned him few enemies although by the same token they led him to few close friendships. Even more important, given the nature of that most remunerative of hazardous occupations, public finance, he maintained an enviable position of liquidity and creditworthiness while making sure that he knew the right people and could pull the right strings: influence and contacts were just as important as system and method in producing £200,000 in twenty-five years. Almost every risk Banks took was calculated, and, as a consequence, few of them failed to pay off. Already well equipped for the race, he won it on the inside track.

On the other hand, as Mr Coleman points out, there are two important respects in which Banks's calculating rationalism diverged from popular archetypes of the nascent capitalist. First (*pace* Weber and Tawney), in spite of his earlier associations with Nonconformity, 'in the watery formulae of Banks's religion it is hard to see many signs of the rigorous asceticism of Calvinistic theology'. The Tory M.P. was a moderate Anglican. His was a 'pliable morality, a useful rationalism' – not a theological or even ideological compulsion towards accumulation or purposeful, industrious labour. Second (*pace* Weber and Sombart), in spite of the double-entry form of his detailed accounts, Banks did not use systematic double-entry book-keeping for the constant reckonings and appraisals, which alone establish a direct relationship between accounting and the rational pursuit of profits. Rational and systematic he undoubtedly was, but the form of his accounts did not make of them an explicit and continuous breeding-ground for those admirable attributes. 'It is men, not methods,' concludes Mr Coleman, 'that make fortunes'. . .

To a large extent the social mobility of the early modern period enabled successful businessmen like Banks to assimilate their families to a non-entrepreneurial element in society: they were alike in that they could, and did, leave the mundane world of capitalism. On the other hand, they also shared certain important features of their careers *qua* capitalists. But it is not only the combination of international trade and finance, or the basic diversification of business investment, which enable us to classify the line of tycoons from Gresham to Banks and beyond, as belonging to a single economic species: it is also the consistency with which they were able to profit by the financial needs and administrative shortcomings of Tudor and Stuart governments. Customs farmers and tax collectors, military contractors and monopoly mongers, office-purchasers and Crown creditors – they all take advantages of 'such casualties as this stirring age doth afford', in the field where the main chance came again and again. The early modern State, deprived of an efficient tax-structure and an efficient professional bureaucracy, stirred by military ambitions and moved by more mundane motives the fulfilment of which demanded greater resources and a better administrative superstructure than it possessed – such a State had no alternative but to turn to the merchant class, to the only men in the community who could muster the necessary liquid funds and the indispensable expertise and contacts without which, in moments of stress, affairs of State would have ground to a stop. From such men it borrowed and purchased supplies, to such men it sold exclusive privileges and leased customs and other revenues in return for an anticipated and certain revenue; with such men it arranged for the sale of its land and the exploitation of its resources and assets. The truly splendid profits of a mercantile life, the real basis of a merchant prince, lay not so much in mundane trading, as in the dizzy heights of public (and concomitant private) finance and the hundred-and-one avenues to wealth which were opened up by the necessities of State. In the last resort, therefore, entrepreneurial success of this order of magnitude rested on the imperfections and incongruities of society's institutional arrangements. The emergence of what appears to have been an *haute bourgeoisie* was a function of the existence of governments so constructed and motivated that their reach constantly exceeded their grasp.

Substantiation for this view is provided not merely by England in the seventeenth century, but by almost every major country in that lively age of war and impecunious inefficiency. Indeed to many

historians the archetypal big businessmen were, precisely, men who joined the varied activities of merchants and financiers (and mining and manufacturing entrepreneurs) with extensive dealing in public finance and privileged enterprise. Thus, to take a recent example, when, in his scintillating appraisal of the Weber hypothesis, Professor Trevor-Roper wishes to categorize and characterize the leading European capitalists of the early seventeenth century, it is to the monied and mercantile props of the State that he naturally turns (No. 4).

. . . Yet the interplay between embryonic big business capitalism, on the one hand, and the unslakeable thrust of civil and military authorities for money, on the other, strikes a familiar note for economic historians of much earlier periods than the seventeenth century. And the further we go back in time the more names we can add to our list of entrepreneurial giants who, in return for their manifold services, secured the alienation of revenues, the control of royal assets, the extension of exclusive privilege; and who, as a consequence, figure in the history books as the early embodiments of capitalism – or at least of proto-capitalism. In the late fifteenth and early sixteenth centuries it is the Fuggers, Welsers and their ilk in southern Germany and Italy who combine trade and moneylending and landowning with papal, imperial and military finance of the most spectacular kind. Earlier, in fifteenth-century France, it is a Jacques Coeur, Mediterranean trader *par excellence*, pumping money into the campaigns of Charles VII, anticipating royal revenues, siphoning off his ample rewards (in the control of taxes), high interest rate for his loans, and the post of master of the mint, and leaving for posterity's edification the laconic, Rockefeller-like motto '*Dire, faire, et taire*'. A century or more before Coeur it is those Florentine combinations, the Bardi and Peruzzi, straddling Europe with their commercial and financial empires, who sustain Edward III with huge loans and, in return, secure a firm if temporary grip on the customs and revenues of England – activities paralleled at a lower order of magnitude by the most famous of Hull merchants, William de la Pole. And before the Bardi it is the Frescobaldi, masters of commerce and capital, and royal bankers in the last years of Edward I and the first years of Edward II, who control the customs for eight years.

So the story could be extended to the Italian stock-companies involved in urban finance, to the Medici and their competitors for the control of European-wide papal taxation, to international syndicates throughout the Middle Ages. Yet its outcome must already be clear: from the early Middle Ages to the Restoration, although the cut of the

cloth varies with temporal circumstances, there is a seamless web of enterprise which connects the Frescobaldi and their predecessors with Banks and his successors: the scale, the form, and the techniques may change, but the basis and outlook of high entrepreneurial activity remain constant . . .

It is, of course, the centuries-long manifestation of entrepreneurial activity among the big businessmen of Europe's commodity and money markets which has deeply influenced historical discussion of the origins and nature of capitalism. It has, for example, enabled opponents of the Weber thesis (or what they interpret to be the Weber thesis) concerning the Protestant ethic and the spirit of capitalism, to point to the unhampered and rapacious existence of big businessmen, and a calculating economic rationality, centuries before Calvin was born. Yet, in one sense such critiques are irrelevant, since Weber took great care to limit his thesis to a particular form of capitalism. He was explicit in acknowledging not only that 'the impulse to acquisition . . . has been common to all sorts of men at all times . . . wherever the objective possibility of it is or has been given', but also that capitalism and capitalist enterprise in general (defined as the rational pursuit of profit by exchange and the 'adaptation of economic action to a comparison of money incomes with money expenses') 'have existed in all civilized countries of the earth. . . . In China, India, Babylon, Egypt, Mediterranean antiquity, and the Middle Ages, as well as in modern times'. What he was really concerned with, and the phenomenon which he felt was both a unique product of modern Western society and intimately related to the ethic of Protestantism, was a capitalism extended in quantity and in 'types, forms and directions which have never existed elsewhere', the notable character of which was 'the rational capitalistic organization of (formally) free labour' that Weber turned not to the 'economic supermen' but to the 'Western bourgeois class' and to the Reformation.

As Weber's approach implies, one of the principal historiographical responses to the longevity of capitalist activity, as represented by large-scale merchants and financiers, has been to subdivide the concept of capitalism – to introduce system into the analysis of such a ubiquitous phenomenon by positing a series of stages of development and/or a classificatory list of different types of capitalist enterprise. In most cases, however, the historical distinctions have been drawn so as to amalgamate the later middle ages and the early modern period in some such category as 'early capitalism' or 'mercantile capitalism'. The principal

exception to this is, of course, Weber himself. Weber, as has already been indicated, distinguished 'modern industrial' or 'bourgeois' capitalism from what had gone before, but because he felt that a casually necessary business class with the appropriate cultural outlook was chronologically antecedent to industrialism (modern capitalism), he proceeded to classify the entrepreneurs of the pre-industrial period of Western economies, in such a way as to isolate the emergence of the 'sober', ascetic and calculating *bourgeoisie*. Thus, to the concept of modern capitalism Weber counterposes that of 'political capitalism', in which opportunities for profit flow principally from the preparation for and exploitation of armed conflict, conquest and the powers of public authorities. But at the same time he sees the rationalistic and calculating attitude on the part of the businessman – sober, workaday businessmen viewing enterprises as an ascetic calling – and, *ipso facto*, a different type of capitalism and a different type of entrepreneur from the extraordinary figures, the charismatic entrepreneurs, the 'economic supermen', who controlled high finance and large-scale commerce in the pre-industrial period.

Now, up to a point, Weber's distinctions are unexceptionable. For it would be wrong to let our conception of pre-industrial business history to be dominated by the class of entrepreneurs stretching from the Bardi to Banks. Weak governments might produce strong tycoons, but merchant princes and national financiers are only the most grandiose and superficially obvious entrepreneurial agents of the economic process – raised to historical prominence by the romance of the spectacular and the abundance of records they created. Yet importance should not be confused with publicity. Below the tips of the iceberg represented by a Jacques Coeur, a Lionel Cranfield, or a John Banks, submerged in an anonymous sea of constant economic activity, were thousands of clothiers and miners, 'mere merchants' and shopkeepers, brewers and millers, petty innovators and small-scale craftsmen, in whose hands rested the fate of national economics, and in the last resort, the future of capitalism.

On the other hand, the sharp, conceptual and historical lines which Weber drew are very much open to question. First, because the speculative adventurism of the tycoons was only one aspect of their activities; as Coleman demonstrated, a man like Banks not only carried out a variety of 'workaday' and 'bourgeois' tasks (joint-stock investments, personal trade, private moneylending, wholesaling, land management, and the like) but carried them out in a rational and methodical manner.

And the same can be said for the Fuggers, the Medici, the Peruzzi. Thus fiscal capitalism, in Weber's phrase, is only one aspect of the entrepreneurship of modern capitalism. Secondly, the cultural, subjective and ideological bases of Weber's distinctions are not entirely convincing. For one thing it is difficult to believe that capitalist outlooks and capitalist actions *can* be distinguished and isolated as separate phenomena. In fact, our only real evidence for the former is the existence of the latter, and where the presence and nature of business attitudes can only be implied from the presence and nature of business behaviour, it is illogical to discuss, say, the capitalist spirit as being causally prior to capitalist action. In addition, the contrast between capitalist attitudes (or actions) in general, and bourgeois attitudes (or actions) in particular, does not seem a sound one; there is very little which distinguished the attitude of many medieval businessmen from those of seventeenth- and eighteenth-century entrepreneurs. Rather, the differences seem to lie in the opportunities of profit-making (of a systematic, calculating sort) open to them. Thus the stimulating attempt of historians like Weber and Sombart to differentiate the psychology which seeks profit in enterprise appears to fail in practice, not because there is not a wide variety of entrepreneurial attitudes in economic history, but because it does not successfully establish useful distinctions between the outlook (as distinct from the actions) of the Middle Ages, and of the seventeenth and eighteenth centuries. What does emerge from a study of business history is not so much a demonstratable contrast in the basic 'spirit' of enterprise, as a contrast in the outlets for enterprise in the differing fields in which capitalist enterprise becomes possible, and in the extent to which a society's economic processes are commercialized by the introduction of profit-orientated business activity.

Admittedly, the logical problem of distinguishing between business behaviour and business outlook is extraordinarily difficult. But it does seem possible to say with some certainty that historians like Weber and Sombart, in claiming a causal priority for the capitalist 'spirit' skated much too lightly over the relevant difficulties. On the other hand, the discussion of the capitalist spirit has often been conducted on a tautological basis, by which capitalism is so defined as to include the outlook which is otherwise to be distinct from, and prior to it. The attributes of capitalistic enterprises have been so isolated and categorized as to lead, by an *a priori* route, to a psychological interpretation. Thus, Weber, in emphasizing the rational and rationalizing component

of capitalism was offering a personal definition of the phenomenon, not explaining it; and the terms of his definition led compulsively to the emphasis of a psychological concept which he proceeded to adduce as its cause. The search for profit is, for example, far more an attribute than a cause of the development of a business. On the other hand, there is considerable force in the argument that the manifestation of the capitalist spirit was itself the outcome of recognizable and definable economic and institutional phenomena, that the increased opportunities for enterprise stimulated the spirit of enterprise and that, for example, the limited areas of medieval capitalism encountered far more environmental than psychological barriers to their evolution. More concretely, one might argue that it was the evolution of nation states with a limited taxing power which was bound to produce financial capitalists of the most 'rationalistic' variety; or that the possibility of extensive commerce with non-European lands was a sufficient reason for that sort of enterprise which found its highest expression in the joint-stock trading company.

Of course, even this argument is in danger of falling victim to its own brand of circuitousness, for businessmen create as well as utilize economic opportunities. But to say that the basic characteristics of any economic system – especially in the period of its first flowering – is determined by the spirit that pervades its entrepreneurs is an oversimplification that begs too many questions to be historically comfortable. The structure and performance of such a system are determined not merely by cultural attitudes, but by a convergence of a host of factors: geographical, legal, market, demographic, institutional, and political. Moreover, in the final analysis, given the sheer longevity of business attitudes and actions, which, whatever their quantitative significance at a given time, can be undisputably labelled as 'capitalist', it is difficult to maintain that the environment of enterprise is not more important than the attitude of individual businessmen in promoting the evolution of a capitalist system, and the ultimate achievement of sustained economic growth.

The fact that the manifestation of capitalist entrepreneurship was intimately linked to the variability of the environment of enterprise helps explain the historiographical phenomenon mentioned at the outset of this essay: that is, the apparently continuous 'rise' of the business middle class. For the trend of secular and institutional development, the emergence of new opportunities, new techniques, or newly significant fields for investment and enterprise, leads to the constant

'creation' of a bourgeoisie, an uprush of capitalism. The exigencies of public and papal finances and the scope of staple trades in the late thirteenth and early fourteenth centuries are the bases of the Florentine commercial and banking giants; the rise of a cloth industry is always accompanied by the emergence of capitalist clothiers and enterprising cloth exporters; the development of joint-stock trading companies, necessary for the new long-distance ventures, stimulates the appearance of a new 'type' of businessman; the vicissitudes of royal finance in Tudor and Stuart England provides fluctuations in the role and status of financiers; the new transatlantic and Indian trades sponsors a new generation of merchants; the late seventeenth century articulation of financial techniques produces a new breed of monied middlemen and managers. Each new possibility and each new area of investment seems to be the breeding-ground of a swarm of capitalist businessmen.

That the result of all this was *not* the development of a capitalist 'system' or a prolonged bout of economic growth is, on these assumptions, the consequence of the fact that, measured against the breadth of the economy, the opportunities for 'modern' business were still limited. Markets were small and risks were high: privileges and monopolies restricted the widespread and productive investment of capital; social structures directed enterprise and resources into uses of high private, but low social, productivity; the structure of land ownership and political regulation retarded the full expression of entrepreneurship. Only in the late eighteenth and early nineteenth centuries, initially and predominantly in England, did the convergence of market, social, institutional and technical factors engender the spatial expansion of capitalist enterprise, the qualitative, and, above all, quantitative rise of the 'modern' businessman system and, *pari passu*, of the modern businessman. Examples of capitalist *behaviour* antedate not only modern industrialism, but also the Reformation, because the right sort of opportunities, rather than the right sort of entrepreneurial spirit, were available. But until the extension of the opportunities produced a similar pattern of behaviour in sectors of the economy more crucial than, say, public finance, business activity could not attain its more recent significance. The old Adam went back centuries; it was the apples which grew more numerous.

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61 Religion and Occupation in Twentieth-century America

GERHARD LENSKI

Weber had used a study of the religious affiliation of students in the state of Baden as evidence for his broad thesis that there is, and was, a correlation between Protestantism and capitalism. In the following extract Gerhard Lenski, a sociologist, applies the Weberian thesis to twentieth-century America. At present most support for the thesis comes from sociologists rather than historians, though there are some notable exceptions in both disciplines.

. . . No one who has read Weber's analysis of the historical significance of religion for economics can help wondering what relevance his theory has for the contemporary scene. Are the major religious groups in America today the carriers of distinctive economic ethics? Do the economic values and actions of Protestants and Catholics in mid-twentieth-century America differ as much as Weber suggests they did in post-Reformation Europe? Are Protestants more inclined to view their work as a sacred calling? Do they practice the pattern of worldly ascetism Weber identified with the Puritans and Pietists of an earlier era?

Since Weber's concern was with the origins of the capitalist system, he has little to say implicitly about religion's role in a mature capitalist society. What he did say tended to be brief asides rather than carefully developed analyses. However, his basic theoretical position strongly suggests that here, as in all other types of societies, religion is a factor to be reckoned with. Underlying the whole of his writings on the sociology of religion we find two basic postulates which point to this conclusion. First, he assumes that every major religious group develops its own distinctive orientation towards *all aspects of life*, and that these orientations profoundly influence the daily actions of its adherents, and hence the institutional structure of society. Second, Weber assumes that these orientations are partially independent of the social situation of the group. On the basis of these postulates we would expect differences between religious groups in mature capitalist (or even post-capitalist) societies, as well as in pre-capitalist societies. And we would expect them not only in economic behaviour, family life and all other

areas of human activity. Furthermore, we would expect these differences to be more than mere reflections of the differences in the economic situations of the religious groups. . . .

[*In a highly urbanized society*] Religion becomes increasingly a highly compartmentalized activity rather than an integral part of the daily round. The more compartmentalized religion becomes, the less influence we should expect it to have on secular institutions. One of the main channels for exercising influence, the membership of the faithful in secular organizations, can no longer be used. Transformation from within (such as Weber was concerned with) ceased to be a possibility in a world of persons accustomed to thinking of religion in compartmentalized terms. In such a situation religious organization can only influence secular organization through pressure-type tactics from without. . . .

CONCLUSIONS

. . . Our over-all impression is that Catholics and Protestants alike have assimilated the materialistic values of contemporary society to the point where they equally value a good job with high income, and are equally likely to aspire to such a position. However, Catholics are at a disadvantage in the competition because of a series of values to which they become committed as a result of their environment in the Catholic Church and subcommunity. For example, they become more strongly attached to the kin group than Protestants, and therefore less able to make the break with home and family that is required in many of the more demanding and hence better-paid positions in contemporary American society. Also, involvement in the Catholic group apparently fosters a heteronomic intellectual orientation which is ill-adapted to the more creative and responsible positions in our rapidly changing social order. In addition, involvement in the Catholic group leads to higher than average fertility, which certainly creates difficulties in securing higher education, and which seems also to have some effect on I.Q. or problem-solving ability, and hence further handicaps Catholic youth.

The differences between contemporary Catholics and Protestants reflect . . . the social heritages of the organization to which they belong. Protestantism came into being in large measure as a sectarian revolt against the massive institutionalization of medieval Catholicism. . . .

Because the Protestant reformers were the idealists in the controversy, and because they were challenging established authority, they could

be expected to stress the sectarian elements in the Gospel – those elements which call men to break with the existing social order and create a new community of the elect. . . .

Ironically, the success of the Protestant Reformation became 'proof' to each side that its position was the right one. It proved to Catholic leaders that one cannot trust to individual judgment in matters of great weight and importance, and to the Protestant leaders that one can. As a result, one by-product of the Reformation was a weakening of the tendencies towards intellectual autocracy found in medieval Catholicism and exemplified in men like Erasmus. Such tendencies came increasingly to be identified with Protestantism and heresy, thus permanently altering the social heritage of Catholicism and creating a difference between Protestants and Catholics which survives to the present day.

The sectarian tendencies in Protestantism also helped to weaken family and kin group ties, thereby freeing more of the energies of individuals to the world of work. By weakening the hold of the family on the individual, Protestants have undoubtedly gained advantage in the competition for economic advancement. . . .

In view of the social heritage of contemporary Catholicism, it seems unlikely that in the foreseeable future any devoutly Catholic state will become a leading industrial nation – one in the forefront of economic development and progress. Catholicism seems to contain too many elements which are incompatible with such a role. As an extension of this proposition, it would appear that as the Catholic segment of a pluralistic nation increases, this will tend to reduce the rate of economic growth. These are very sweeping generalizations which will almost certainly be challenged, but there is considerable evidence to support them. None of the predominantly and devoutly Catholic nations in the modern world can be classified as a *leading* industrial nation. Some Catholic nations – such as France, Italy, Argentina, Brazil and Chile – are quite highly industrialized, but none of them are leaders in the technological field, nor do they seem likely to become so. . . . Within the boundaries of the United States it may even be that the rapid growth of Catholic population in New England in the last century has contributed to the decline of that region as the centre of economic progress and advance, though clearly other factors have played the major role. . . .

Then what can we say of Protestantism? Surely it does not elevate material values above the spiritual? Yet Protestant nations have

generally enjoyed great material progress, and if the findings of this study are at all reliable and generally applicable, the Protestant Churches have made a significant contribution to this end.

So far as it can be judged from available evidence, the contributions of Protestantism to material progress have been largely *unintended by-products* of certain distinctive Protestant traits. This was a central point in Weber's theory, though many of his critics and disciples alike have been unwilling or unable to understand it. . . .

In an earlier era, Protestant ascetism and dedication to work, as noted both by Wesley and Weber, seem to have been important patterns of action contributing to economic progress. Both facilitated the accumulation of capital, so critically important to the economic growth and development of nations.

Today other factors seem to be of greater weight. Asceticism is rare among modern Protestants, and the distinctive Protestant doctrine of 'the Calling' has been largely forgotten. However, the autonomic orientation of Protestants seems to play an increasingly important role, facilitating scientific and technical advance. The Protestant small family norm (a relatively recent innovation) provides a new aid to capital formation, since when families are large, more of the income must be spent on consumer goods. The extrafamilial orientation of Protestants seems to facilitate the channelling of energies into the world of work. In short, although the primary concern of Protestantism (like Catholicism) is the attainment of spiritual values, material advance has been and continues to be a by-product of the Protestant effort.

WEBER IN RETROSPECT

. . . We have not attempted to test his (Weber's) *historical hypothesis* concerning the relationship between Protestantism and the emergence of the spirit of capitalism. Rather, we have sought to extract from his many writings on religion the *basic underlying assumption*, and then test it in an analysis of the contemporary scene in one of the major metropolitan communities of the United States. This is the assumption that each of the major religions of the world develops its own distinctive orientation towards all of the major phases of human activity, and thus comes to exercise an influence on the development of other major institutional systems in society, an influence that cannot be accounted for merely in economic terms. In addition we sought to utilize many of Weber's specific hypothesis pertaining to differences between Catholic

and Protestant orientations towards the economic institutions of society.

Our study has provided striking support for Weber's basic assumption – at least as far as it applies to the major religious groups in contemporary American society (as the finding . . . makes clear). The four major socio-religious groups* differ significantly from one another with respect to wide ranges of phenomena affecting economic, political, kinship, educational, and scientific institutions. Furthermore, these differences cannot be accounted for in terms of the economic position of either the individuals concerned or the groups.

Our findings also support a number of the specific hypotheses on Protestant–Catholic differences in economic behaviour which Weber developed for an earlier era. First, our study indicates that Protestants are more likely than Catholics to rise in the economic system, and these differences are especially pronounced at the level of the upper-middle class. Second, it indicates that Protestantism, unlike Catholicism, tends to weaken and undermine the extended family. Third, it indicates that Protestants view work differently from Catholics. Finally, our study provides some indirect support for Weber's hypothesis that Catholics are more inclined to adopt a traditionalistic orientation. This can be seen in the answer to our question concerning the relative importance of a child's learning to think for himself and of learning to obey. Although earlier we interpreted these responses in terms of their relevance for intellectual autonomy, it seems clear that they also have a relevance for Weber's distinction between the rationalistic and traditionalistic orientations. Traditionalism assumes that the answers to life's problems are known, and therefore those who are wise and good will accept them, and obey the precepts derived from them. Given a rationalistic orientation one would expect people to stress the importance of obedience. Given a rationalistic orientation one would expect people to stress the importance of a child's learning to think for himself. By contrast, the rationalistic orientation assumes that all the answers to life's important problems are not yet known, but that they, or a reasonable approximation of them, can be discovered by rational means. In short, our findings in this area are consistent with Weber's hypothesis.

In some respects, however, our data has *not* supported certain popular extrapolations of Weber's hypotheses. For example, we have not found much evidence that the doctrine of 'the Calling' is a vital

* Jewish; Catholic; White Protestant; Negro Protestant.

force in contemporary American Protestantism. Neither does our evidence suggest that present-day Detroit Protestants are strongly committed to economic asceticism. It should be understood that these findings are no refutation of Weber since he explicitly limited his analysis to the era of the rise of capitalism.

Our findings cast an interesting light on Weber's important concept 'the Protestant ethic'. They suggest that this concept is one which is *temporally limited*. That is to say, the Protestant ethic was a constellation of characteristics which occurred in conjunction with one another at a particular period in history. But like astronomical constellations, some of the elements involved have slowly drifted apart so that the constellation has lost its original character. In the case of the cultural configuration known as the Protestant ethic, the elements of the Calling and of economic asceticism seem to have drifted apart from the rest, and are no longer part of the constellation. Simultaneously new elements have entered the picture. In view of the substantial changes which seem to have occurred (we are here assuming the accuracy of Weber's portrait of the sixteenth, seventeenth and eighteenth centuries, which some have questioned) it is questionable whether Weber's concept 'the Protestant ethic' is one which can be fruitfully applied in analysis and description of *contemporary* America. It may well be that the confusion which its use creates is now so great that the term might be better abandoned except in analyses of earlier centuries.

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